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# HOUSE BILL No. 1177

**AM117705 has been incorporated into introduced printing.**

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**Synopsis:** Child care assistance.

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2026

IN 1177—LS 6690/DI 125



**DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY**

Introduced

Second Regular Session of the 124th General Assembly (2026)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2025 Regular Session of the General Assembly.

## HOUSE BILL No. 1177

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1        SECTION 1. IC 6-3.1-39.5-1, AS ADDED BY P.L.201-2023,  
2        SECTION 103, IS AMENDED TO READ AS FOLLOWS  
3        [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 1. As used  
4        in this chapter, "Indiana qualified child care facility" means a facility  
5        that is:  
6                (1) a qualified child care facility (as defined in Section 45F of  
7                the Internal Revenue Code);  
8                (2) located in Indiana; **and**  
9                (3) licensed by the division of family resources under  
10                IC 12-17.2.~~and~~  
11                (4) ~~operated~~:  
12                        (A) ~~by a taxpayer~~;  
13                        (B) ~~by a taxpayer jointly with one (1) or more other~~  
14                        ~~individuals or entities~~; or  
15                        (C) ~~under a contract described in Section 45F(c)(1)(A)(iii)~~

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of the Internal Revenue Code with the taxpayer.

SECTION 2. IC 6-3.1-39.5-3, AS ADDED BY P.L.201-2023, SECTION 103, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 3. As used in this chapter, "qualified child care expenditure" means an expenditure:

(1) for the acquisition, construction, rehabilitation, or expansion of property used as part of an Indiana qualified child care facility of a taxpayer that is operated for the taxpayer's employees;

(2) incurred under a contract between a taxpayer and an Indiana qualified child care facility to provide for the **operating costs**, acquisition, construction, rehabilitation, or expansion of property used as part of the Indiana qualified child care facility; or

(3) for purposes of complying with the qualified child care facility licensure requirements under IC 12-17.2, as part of the taxpayer acquiring or constructing an Indiana qualified child care facility;

(4) incurred for the operating costs of an Indiana qualified child care facility of a taxpayer that is operated for the taxpayer's employees, including costs related to training of employees, to scholarship programs, and to provide increased compensation to employees with higher levels of child care training;

(5) under a contract with an Indiana qualified child care facility to provide child care services to employees of the taxpayer, or under a contract with an intermediate entity that contracts with one (1) or more Indiana qualified child

care facilities for child care services; or  
(6) under a contract to provide child care resources and  
referral services to an employee of the taxpayer.

SECTION 3. IC 6-3.1-39.5-5 IS REPEALED [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]. **Sec. 5.** As used in this chapter, "recapture event" means:

(1) the cessation of the operation of the Indiana qualified child care facility as an Indiana qualified child care facility;

(2) subject to section 12(c) of this chapter, a change in ownership of an Indiana qualified child care facility for which a credit was allowed under this chapter, unless the person acquiring an interest agrees to assume the recapture liability of the person disposing of an interest; or

(3) the use of an Indiana qualified child care facility for the enrollment of a child from any individual who is not an



1                   employee of the taxpayer.

2                   The term does not include a cessation of operation or change in  
3                   ownership due to accident or casualty.

4                   SECTION 4. IC 6-3.1-39.5-7, AS ADDED BY P.L.201-2023,  
5                   SECTION 103, IS AMENDED TO READ AS FOLLOWS  
6                   [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 7. As used  
7                   in this chapter, "taxpayer" means any person, corporation, limited  
8                   liability company, partnership, or other entity that has any state tax  
9                   liability and employs **one hundred (100) five hundred (500)**  
10                  individuals or less. The term includes a pass through entity. However,  
11                  the term does not include a taxpayer who is in the business of operating  
12                  a child care facility prior to making qualified expenditures.

13                  SECTION 5. IC 6-3.1-39.5-12 IS REPEALED [EFFECTIVE  
14                  JANUARY 1, 2026 (RETROACTIVE)]. See: 12: (a) If a recapture  
15                  event occurs with respect to an Indiana qualified child care facility  
16                  within five (5) years after the end of the taxable year in which a credit  
17                  was allowed, the taxpayer is responsible for payment to the department  
18                  of a recapture amount. The recapture amount is equal to the following:

- 19                   (1) One hundred percent (100%) of the credit after the end of the  
20                   first taxable year in which the credit was allowed.
- 21                   (2) Eighty percent (80%) of the credit after the end of the second  
22                   taxable year in which the credit was allowed.
- 23                   (3) Sixty percent (60%) of the credit after the end of the third  
24                   taxable year in which the credit was allowed.
- 25                   (4) Forty percent (40%) of the credit after the end of the fourth  
26                   taxable year in which the credit was allowed.
- 27                   (5) Twenty percent (20%) of the credit after the end of the fifth  
28                   taxable year in which the credit was allowed.

29                  (b) Any recapture tax liability must be reported by the taxpayer on  
30                  the taxpayer's annual state income tax return for the taxable year during  
31                  which the use was converted.

32                  (c) A recapture event is not considered to have occurred as a result  
33                  of a change in ownership of an Indiana qualified child care facility for  
34                  which a credit was allowed under this chapter if, before the change in  
35                  ownership transaction is completed, the person acquiring an interest in  
36                  the facility agrees in writing to assume the liability of the taxpayer for  
37                  any recapture amount that becomes owed. In the event of such an  
38                  assumption, the person acquiring the interest in the facility shall be  
39                  treated as the taxpayer for purposes of assessing any recapture liability  
40                  that becomes owed due to a subsequent recapture event, computed as  
41                  if there had been no change in ownership, and is responsible for



1 payment to the department of the recapture amount.

2 SECTION 6. IC 6-1.1-12-13, AS AMENDED BY P.L.230-2025,  
 3 SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 4 JANUARY 1, 2026 (RETROACTIVE)]: Sec. 13. (a) Except as  
 5 provided in section 40.5 of this chapter, an individual may have  
 6 twenty-four thousand nine hundred sixty dollars (\$24,960) deducted  
 7 from the assessed value of the taxable tangible property that the  
 8 individual owns, or real property, a mobile home not assessed as real  
 9 property, or a manufactured home not assessed as real property that the  
 10 individual is buying under a contract that provides that the individual  
 11 is to pay property taxes on the real property, mobile home, or  
 12 manufactured home, if the contract or a memorandum of the contract  
 13 is recorded in the county recorder's office and if:

14 (1) the individual served in the military or naval forces of the  
 15 United States during any of its wars;  
 16 (2) the individual received an honorable discharge;  
 17 (3) the individual has a disability with a service connected  
 18 disability of ten percent (10%) or more;  
 19 (4) the individual's disability is evidenced by:

20 (A) a pension certificate, an award of compensation, or a  
 21 disability compensation check issued by the United States  
 22 Department of Veterans Affairs; or  
 23 (B) a certificate of eligibility issued to the individual by the  
 24 Indiana department of veterans' affairs after the Indiana  
 25 department of veterans' affairs has determined that the  
 26 individual's disability qualifies the individual to receive a  
 27 deduction under this section; and  
 28 (5) the individual:

29 (A) owns the real property, mobile home, or manufactured  
 30 home; or  
 31 (B) is buying the real property, mobile home, or  
 32 manufactured home under contract;

33 on the date the statement required by section 15 of this chapter  
 34 is filed.

35 (b) The surviving spouse of an individual may receive the  
 36 deduction provided by this section if the individual satisfied the  
 37 requirements of subsection (a)(1) through (a)(4) at the time of death  
 38 and the surviving spouse satisfies the requirement of subsection (a)(5)  
 39 at the time the deduction statement is filed. The surviving spouse is  
 40 entitled to the deduction regardless of whether the property for which  
 41 the deduction is claimed was owned by the deceased veteran or the



1 surviving spouse before the deceased veteran's death.

2 (c) One who receives the deduction provided by this section may  
 3 not receive the deduction provided by section 16 of this chapter.  
 4 However, the individual may receive any other property tax deduction  
 5 which the individual is entitled to by law.

6 (d) An individual who has sold real property, a mobile home not  
 7 assessed as real property, or a manufactured home not assessed as real  
 8 property to another person under a contract that provides that the  
 9 contract buyer is to pay the property taxes on the real property, mobile  
 10 home, or manufactured home may not claim the deduction provided  
 11 under this section against that real property, mobile home, or  
 12 manufactured home.

13 **(e) This section applies only to property taxes imposed for an  
 14 assessment date before January 1, 2026.**

15 **(f) This section expires January 1, 2028.**

16 SECTION 7. IC 6-1.1-12-14, AS AMENDED BY P.L.230-2025,  
 17 SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 18 JANUARY 1, 2026 (RETROACTIVE)]: Sec. 14. (a) Except as  
 19 provided in subsection (c) and except as provided in section 40.5 of  
 20 this chapter, an individual may have ~~the sum of fourteen thousand~~  
 21 ~~dollars (\$14,000)~~ **one hundred percent (100%) of the assessed value**  
 22 deducted from the assessed value of the real property, mobile home not  
 23 assessed as real property, or manufactured home not assessed as real  
 24 property that the individual owns (or the real property, mobile home  
 25 not assessed as real property, or manufactured home not assessed as  
 26 real property that the individual is buying under a contract that  
 27 provides that the individual is to pay property taxes on the real  
 28 property, mobile home, or manufactured home if the contract or a  
 29 memorandum of the contract is recorded in the county recorder's office)  
 30 if:

31 (1) the individual served in the military or naval forces of the  
 32 United States for at least ninety (90) days;

33 (2) the individual received an honorable discharge;

34 (3) the individual ~~either~~:

35 (A) has a total disability; or

36 (B) ~~is at least sixty-two (62) years old; and has a disability  
 37 of at least ten percent (10%);~~

38 (4) the individual's disability is evidenced by:

39 (A) a pension certificate or an award of compensation  
 40 issued by the United States Department of Veterans Affairs;

41 or



(B) a certificate of eligibility issued to the individual by the Indiana department of veterans' affairs after the Indiana department of veterans' affairs has determined that the individual's disability qualifies the individual to receive a deduction under this section; and

(5) the individual:

(A) owns the real property, mobile home, or manufactured home; or

(B) is buying the real property, mobile home, or manufactured home under contract;

11                   on the date the statement required by section 15 of this chapter  
12                   is filed.

18 (2) the individual:

(A) was killed in action;

(B) died while serving on active duty in the military or naval forces of the United States; or

(C) died while performing inactive duty training in the military or naval forces of the United States; and

24 the surviving spouse satisfies the requirement of subsection (a)(5) at  
25 the time the deduction statement is filed. The surviving spouse is  
26 entitled to the deduction regardless of whether the property for which  
27 the deduction is claimed was owned by the deceased veteran or the  
28 surviving spouse before the deceased veteran's death.

35 (d) Except as provided in subsection (f), for the:

(1) January 1, 2017, January 1, 2018, and January 1, 2019, assessment dates, the assessed value limit for purposes of subsection (c) is one hundred seventy-five thousand dollars (\$175,000);

40 (2) January 1, 2020, January 1, 2021, January 1, 2022, and  
41 January 1, 2023, assessment dates, the assessed value limit for



1                   purposes of subsection (c) is two hundred thousand dollars  
2                   (\$200,000); and

3 (3) January 1, 2024, assessment date and for each assessment  
4 date thereafter, the assessed value limit for purposes of  
5 subsection (c) is two hundred forty thousand dollars (\$240,000).

6 (e) An individual who has sold real property, a mobile home not  
7 assessed as real property, or a manufactured home not assessed as real  
8 property to another person under a contract that provides that the  
9 contract buyer is to pay the property taxes on the real property, mobile  
10 home, or manufactured home may not claim the deduction provided  
11 under this section against that real property, mobile home, or  
12 manufactured home.

13 (f) For purposes of determining the assessed value of the real  
14 property, mobile home, or manufactured home under subsection (d) for  
15 an individual who has received a deduction under this section in a  
16 previous year, increases in assessed value that occur after the later of:

17 (1) December 31, 2019; or

(2) the first year that the individual has received the deduction; are not considered unless the increase in assessed value is attributable to substantial renovation or new improvements. Where there is an increase in assessed value for purposes of the deduction under this section, the assessor shall provide a report to the county auditor describing the substantial renovation or new improvements, if any, that were made to the property prior to the increase in assessed value.

25 SECTION 8. IC 6-1.1-12-14.5, AS AMENDED BY P.L.230-2025,  
26 SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
27 JANUARY 1, 2026 (RETROACTIVE)]: Sec. 14.5. (a) As used in this  
28 section, "homestead" has the meaning set forth in section 37 of this  
29 chapter.

30 (b) An individual may claim a deduction from the assessed value  
31 of the individual's homestead if:

32 (1) the individual served in the military or naval forces of the  
33 United States for at least ninety (90) days;  
34 (2) the individual received an honorable discharge;  
35 (3) the individual has a disability of at least fifty percent (50%);  
36 (4) the individual's disability is evidenced by:

37 (A) a pension certificate or an award of compensation  
38 issued by the United States Department of Veterans Affairs;  
39 or  
40 (B) a certificate of eligibility issued to the individual by the  
41 Indiana department of veterans' affairs after the Indiana



1 department of veterans' affairs has determined that the  
2 individual's disability qualifies the individual to receive a  
3 deduction under this section; and

4 (5) the homestead was conveyed without charge to the individual  
5 who is the owner of the homestead by an organization that is  
6 exempt from income taxation under the federal Internal Revenue  
7 Code.

14 (2) If the individual has a disability of at least ninety percent  
15 (90%) but the individual is not totally disabled, the deduction is  
16 equal to ninety percent (90%) of the assessed value of the  
17 homestead.

18 (3) If the individual has a disability of at least eighty percent  
19 (80%) but less than ninety percent (90%), the deduction is equal  
20 to eighty percent (80%) of the assessed value of the homestead.

21 (4) If the individual has a disability of at least seventy percent  
22 (70%) but less than eighty percent (80%), the deduction is equal  
23 to seventy percent (70%) of the assessed value of the homestead.  
24 (5) If the individual has a disability of at least sixty percent  
25 (60%) but less than seventy percent (70%), the deduction is  
26 equal to sixty percent (60%) of the assessed value of the  
27 homestead.

27 homestead.  
28 (6) If the individual has a disability of at least fifty percent (50%)  
29 but less than sixty percent (60%), the deduction is equal to fifty  
30 percent (50%) of the assessed value of the homestead.

31 (d) An individual who claims a deduction under this section for an  
32 assessment date may not also claim a deduction under section 13  
33 **(before its expiration)** or 14 of this chapter for that same assessment  
34 date.

35 (e) An individual who desires to claim the deduction under this  
36 section must claim the deduction in the manner specified by the  
37 department of local government finance.

38 SECTION 9. IC 6-1-12-15, AS AMENDED BY P.L.230-2025,  
39 SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
40 JANUARY 1, 2026 (RETROACTIVE)]: Sec. 15. (a) Except as  
41 provided in section 17.8 of this chapter and subject to section 45 of this



1 chapter, an individual who desires to claim the deduction provided by  
 2 section 13 or 14 of this chapter must file a statement with the auditor  
 3 of the county in which the individual resides. To obtain the deduction  
 4 for a desired calendar year in which property taxes are first due and  
 5 payable, the statement must be completed, dated, and filed with the  
 6 county auditor on or before January 15 of the calendar year in which  
 7 the property taxes are first due and payable. The statement may be filed  
 8 in person or by mail. If mailed, the mailing must be postmarked on or  
 9 before the last day for filing. The statement shall contain a sworn  
 10 declaration that the individual is entitled to the deduction.

11 (b) In addition to the statement, the individual shall submit to the  
 12 county auditor for the auditor's inspection:

13 (1) a pension certificate, an award of compensation, or a  
 14 disability compensation check issued by the United States  
 15 Department of Veterans Affairs if the individual claims the  
 16 deduction provided by section 13 of this chapter;

17 (2) (1) a pension certificate or an award of compensation issued  
 18 by the United States Department of Veterans Affairs if the  
 19 individual claims the deduction provided by section 14 of this  
 20 chapter; or

21 (3) (2) the appropriate certificate of eligibility issued to the  
 22 individual by the Indiana department of veterans' affairs if the  
 23 individual claims the deduction provided by section 13 or 14 of  
 24 this chapter.

25 (c) If the individual claiming the deduction is under guardianship,  
 26 the guardian shall file the statement required by this section. If a  
 27 deceased veteran's surviving spouse is claiming the deduction, the  
 28 surviving spouse shall provide the documentation necessary to  
 29 establish that at the time of death the deceased veteran satisfied the  
 30 requirements of section 13(a)(1) through 13(a)(4) of this chapter,  
 31 section 14(a)(1) through 14(a)(4) of this chapter or section 14(b)(2) of  
 32 this chapter, whichever applies.

33 (d) If the individual claiming a deduction under section 13 or 14  
 34 of this chapter is buying real property, a mobile home not assessed as  
 35 real property, or a manufactured home not assessed as real property  
 36 under a contract that provides that the individual is to pay property  
 37 taxes for the real estate, mobile home, or manufactured home, the  
 38 statement required by this section must contain the record number and  
 39 page where the contract or memorandum of the contract is recorded.

40 SECTION 10. IC 6-1.1-12-16, AS AMENDED BY P.L.68-2025,  
 41 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



1       JANUARY 1, 2026 (RETROACTIVE)]: Sec. 16. (a) Except as  
 2 provided in section 40.5 of this chapter, a surviving spouse may have  
 3 the sum of eighteen thousand seven hundred twenty dollars (\$18,720)  
 4 deducted from the assessed value of the surviving spouse's tangible  
 5 property, or real property, mobile home not assessed as real property,  
 6 or manufactured home not assessed as real property that the surviving  
 7 spouse is buying under a contract that provides that the surviving  
 8 spouse is to pay property taxes on the real property, mobile home, or  
 9 manufactured home, if the contract or a memorandum of the contract  
 10 is recorded in the county recorder's office, and if:

11       (1) the deceased spouse served in the military or naval forces of  
 12 the United States before November 12, 1918;  
 13       (2) the deceased spouse received an honorable discharge; and  
 14       (3) the surviving spouse:

15               (A) owns the real property, mobile home, or manufactured  
 16 home; or  
 17               (B) is buying the real property, mobile home, or  
 18 manufactured home under contract;

19       on the date the statement required by section 17 of this chapter  
 20 is filed.

21       (b) A surviving spouse who receives the deduction provided by  
 22 this section may not receive the deduction provided by section 13  
 23 (**before its expiration**) of this chapter. However, the surviving spouse  
 24 may receive any other deduction which the surviving spouse is entitled  
 25 to by law.

26       (c) An individual who has sold real property, a mobile home not  
 27 assessed as real property, or a manufactured home not assessed as real  
 28 property to another person under a contract that provides that the  
 29 contract buyer is to pay the property taxes on the real property, mobile  
 30 home, or manufactured home may not claim the deduction provided  
 31 under this section against that real property, mobile home, or  
 32 manufactured home.

33       (d) This section applies only to property taxes imposed for an  
 34 assessment date before January 1, 2025.

35       (e) This section expires January 1, 2027.

36       SECTION 11. IC 6-1.1-12-17.8, AS AMENDED BY THE  
 37 TECHNICAL CORRECTIONS BILL OF THE 2026 GENERAL  
 38 ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 39 JANUARY 1, 2026 (RETROACTIVE)]: Sec. 17.8. (a) An individual  
 40 who receives a deduction provided under section 9 (before its  
 41 expiration), 11 (before its expiration), 13 (**before its expiration**), 14,



1       16 (before its expiration), 17.4 (before its expiration), or 37 of this  
 2 chapter in a particular year and who remains eligible for the deduction  
 3 in the following year is not required to file a statement to apply for the  
 4 deduction in the following year. However, for purposes of a deduction  
 5 under section 37 of this chapter, the county auditor may, in the county  
 6 auditor's discretion, terminate the deduction for assessment dates after  
 7 January 15, 2012, if the individual does not comply with the  
 8 requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015), as  
 9 determined by the county auditor, before January 1, 2013. Before the  
 10 county auditor terminates the deduction because the taxpayer claiming  
 11 the deduction did not comply with the requirement in  
 12 IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015) before January 1, 2013,  
 13 the county auditor shall mail notice of the proposed termination of the  
 14 deduction to:

15       (1) the last known address of each person liable for any property  
 16 taxes or special assessment, as shown on the tax duplicate or  
 17 special assessment records; or

18       (2) the last known address of the most recent owner shown in the  
 19 transfer book.

20       (b) An individual who receives a deduction provided under section  
 21 9 (before its expiration), 11 (before its expiration), 13 (**before its**  
 22 **expiration**), 14, 16 (before its expiration), or 17.4 (before its  
 23 expiration) of this chapter in a particular year and who becomes  
 24 ineligible for the deduction in the following year shall notify the auditor  
 25 of the county in which the real property, mobile home, or manufactured  
 26 home for which the individual claims the deduction is located of the  
 27 individual's ineligible in the year in which the individual becomes  
 28 ineligible. An individual who becomes ineligible for a deduction under  
 29 section 37 of this chapter shall notify the county auditor of the county  
 30 in which the property is located in conformity with section 37 of this  
 31 chapter.

32       (c) The auditor of each county shall, in a particular year, apply a  
 33 deduction provided under section 9 (before its expiration), 11 (before  
 34 its expiration), 13 (**before its expiration**), 14, 16 (before its  
 35 expiration), 17.4 (before its expiration), or 37 of this chapter to each  
 36 individual who received the deduction in the preceding year unless the  
 37 auditor determines that the individual is no longer eligible for the  
 38 deduction.

39       (d) An individual who receives a deduction provided under section  
 40 9 (before its expiration), 11 (before its expiration), 13 (**before its**  
 41 **expiration**), 14, 16 (before its expiration), 17.4 (before its expiration),



1 or 37 of this chapter for property that is jointly held with another owner  
 2 in a particular year and remains eligible for the deduction in the  
 3 following year is not required to file a statement to reapply for the  
 4 deduction following the removal of the joint owner if:

5       (1) the individual is the sole owner of the property following the  
 6       death of the individual's spouse; or  
 7       (2) the individual is the sole owner of the property following the  
 8       death of a joint owner who was not the individual's spouse.

9       If a county auditor terminates a deduction under section 9 of this  
 10      chapter (before its expiration), a deduction under section 37 of this  
 11      chapter, or a credit under IC 6-1.1-20.6-8.5 after June 30, 2017, and  
 12      before May 1, 2019, because the taxpayer claiming the deduction or  
 13      credit did not comply with a requirement added to this subsection by  
 14      P.L.255-2017 to reapply for the deduction or credit, the county auditor  
 15      shall reinstate the deduction or credit if the taxpayer provides proof that  
 16      the taxpayer is eligible for the deduction or credit and is not claiming  
 17      the deduction or credit for any other property.

18       (e) A trust entitled to a deduction under section 9 (before its  
 19      expiration), 11 (before its expiration), 13 (**before its expiration**), 14,  
 20      16 (before its expiration), 17.4 (before its expiration), or 37 of this  
 21      chapter for real property owned by the trust and occupied by an  
 22      individual in accordance with section 17.9 of this chapter (**before its**  
 23      **expiration**) is not required to file a statement to apply for the deduction,  
 24      if:

25       (1) the individual who occupies the real property receives a  
 26      deduction provided under section 9 (before its expiration), 11  
 27      (before its expiration), 13 (**before its expiration**), 14, 16 (before  
 28      its expiration), 17.4 (before its expiration), or 37 of this chapter  
 29      in a particular year; and  
 30       (2) the trust remains eligible for the deduction in the following  
 31      year.

32       However, for purposes of a deduction under section 37 of this chapter,  
 33      the individuals that qualify the trust for a deduction must comply with  
 34      the requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015)  
 35      before January 1, 2013.

36       (f) A cooperative housing corporation (as defined in 26 U.S.C.  
 37      216) that is entitled to a deduction under section 37 of this chapter in  
 38      the immediately preceding calendar year for a homestead (as defined  
 39      in section 37 of this chapter) is not required to file a statement to apply  
 40      for the deduction for the current calendar year if the cooperative  
 41      housing corporation remains eligible for the deduction for the current



1       calendar year. However, the county auditor may, in the county auditor's  
2       discretion, terminate the deduction for assessment dates after January  
3       15, 2012, if the individual does not comply with the requirement in  
4       IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015), as determined by the  
5       county auditor, before January 1, 2013. Before the county auditor  
6       terminates a deduction because the taxpayer claiming the deduction did  
7       not comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired  
8       January 1, 2015) before January 1, 2013, the county auditor shall mail  
9       notice of the proposed termination of the deduction to:

10       (1) the last known address of each person liable for any property  
11       taxes or special assessment, as shown on the tax duplicate or  
12       special assessment records; or  
13       (2) the last known address of the most recent owner shown in the  
14       transfer book.

15       (g) An individual who:

16       (1) was eligible for a homestead credit under IC 6-1.1-20.9  
17       (repealed) for property taxes imposed for the March 1, 2007, or  
18       January 15, 2008, assessment date; or  
19       (2) would have been eligible for a homestead credit under  
20       IC 6-1.1-20.9 (repealed) for property taxes imposed for the  
21       March 1, 2008, or January 15, 2009, assessment date if  
22       IC 6-1.1-20.9 had not been repealed;

23       is not required to file a statement to apply for a deduction under section  
24       37 of this chapter if the individual remains eligible for the deduction in  
25       the current year. An individual who filed for a homestead credit under  
26       IC 6-1.1-20.9 (repealed) for an assessment date after March 1, 2007 (if  
27       the property is real property), or after January 1, 2008 (if the property  
28       is personal property), shall be treated as an individual who has filed for  
29       a deduction under section 37 of this chapter. However, the county  
30       auditor may, in the county auditor's discretion, terminate the deduction  
31       for assessment dates after January 15, 2012, if the individual does not  
32       comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired January  
33       1, 2015), as determined by the county auditor, before January 1, 2013.  
34       Before the county auditor terminates the deduction because the  
35       taxpayer claiming the deduction did not comply with the requirement  
36       in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015) before January 1,  
37       2013, the county auditor shall mail notice of the proposed termination  
38       of the deduction to the last known address of each person liable for any  
39       property taxes or special assessment, as shown on the tax duplicate or  
40       special assessment records, or to the last known address of the most  
41       recent owner shown in the transfer book.



11                   SECTION 12. IC 6-1.1-12-17.9, AS AMENDED BY  
12 P.L.230-2025, SECTION 36, IS AMENDED TO READ AS  
13 FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]:  
14 Sec. 17.9. A trust is entitled to a deduction under section 9 (before its  
15 expiration), 11 (before its expiration), 13 (**before its expiration**), 14,  
16 16 (before its expiration), or 17.4 (before its expiration) of this chapter  
17 for real property owned by the trust and occupied by an individual if  
18 the county auditor determines that the individual:

19 (1) upon verification in the body of the deed or otherwise, has  
20 either:

(A) a beneficial interest in the trust; or

(B) the right to occupy the real property rent free under the terms of a qualified personal residence trust created by the individual under United States Treasury Regulation 25.2702-5(c)(2); and

otherwise qualifies for the deduction.

(1) "benefit" refers to a deduction under section 9 (before its expiration), 11 (before its expiration), 13 (*before its expiration*), 14, *before its expiration*), 16 (before its expiration), 17.4 (before its expiration), 26 (before its expiration), 29 (before its expiration), 33 (before its expiration), 34 (before its expiration), 37, or 37.5 of this chapter;

- (2) "closing agent" means a person that closes a transaction;
- (3) "customer" means an individual who obtains a loan in a transaction; and



1 (4) "transaction" means a single family residential:  
2     (A) first lien purchase money mortgage transaction; or  
3     (B) refinancing transaction.

4 (b) Before closing a transaction after December 31, 2004, a  
5 closing agent must provide to the customer the form referred to in  
6 subsection (c).

7     (c) Before June 1, 2004, The department of local government  
8 finance shall prescribe the form to be provided by closing agents to  
9 customers under subsection (b). The department shall make the form  
10 available to closing agents, county assessors, county auditors, and  
11 county treasurers in hard copy and electronic form. County assessors,  
12 county auditors, and county treasurers shall make the form available to  
13 the general public. The form must:  
14         (1) on one (1) side:  
15             (A) list each benefit; and  
16             (B) list the eligibility criteria for each benefit;  
17         (2) on the other side indicate:  
18             (A) each action by and each type of documentation from the  
19 customer required to file for each benefit; and  
20             (B) sufficient instructions and information to permit a party  
21 to terminate a standard deduction under section 37 of this  
22 chapter on any property on which the party or the spouse of  
23 the party will no longer be eligible for the standard  
24 deduction under section 37 of this chapter after the party or  
25 the party's spouse begins to reside at the property that is the  
26 subject of the closing, including an explanation of the tax  
27 consequences and applicable penalties, if a party unlawfully  
28 claims a standard deduction under section 37 of this  
29 chapter; and  
30         (3) be printed in one (1) of two (2) or more colors prescribed by  
31 the department of local government finance that distinguish the  
32 form from other documents typically used in a closing referred  
33 to in subsection (b).

34 (d) A closing agent:  
35         (1) may reproduce the form referred to in subsection (c);  
36         (2) in reproducing the form, must use a print color prescribed by  
37 the department of local government finance; and  
38         (3) is not responsible for the content of the form referred to in  
39 subsection (c) and shall be held harmless by the department of  
40 local government finance from any liability for the content of the  
41 form.

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(e) This subsection applies to a transaction that is closed after December 31, 2009. In addition to providing the customer the form described in subsection (c) before closing the transaction, a closing agent shall do the following as soon as possible after the closing, and within the time prescribed by the department of insurance under IC 27-7-3-15.5:

(1) To the extent determinable, input the information described in IC 27-7-3-15.5(c)(2) into the system maintained by the department of insurance under IC 27-7-3-15.5.

(2) Submit the form described in IC 27-7-3-15.5(c) to the data base described in IC 27-7-3-15.5(c)(2)(D).

(f) A closing agent to which this section applies shall document the closing agent's compliance with this section with respect to each transaction in the form of verification of compliance signed by the customer.

(g) Subject to IC 27-7-3-15.5(d), a closing agent is subject to a civil penalty of twenty-five dollars (\$25) for each instance in which the closing agent fails to comply with this section with respect to a customer. The penalty:

(1) may be enforced by the state agency that has administrative jurisdiction over the closing agent in the same manner that the agency enforces the payment of fees or other penalties payable to the agency; and

(2) shall be paid into:

(A) the state general fund, if the closing agent fails to comply with subsection (b); or

(B) the home ownership education account established by IC 5-20-1-27, if the closing agent fails to comply with subsection (e) in a transaction that is closed after December 31, 2009;

(ii) A closing agent is not liable for any other damages claimed by a customer because of:

(1) the closing agent's mere failure to provide the appropriate document to the customer under subsection (b); or

(2) with respect to a transaction that is closed after December 31, 2009, the closing agent's failure to input the information or submit the form described in subsection (e):

(i) The state agency that has administrative jurisdiction over a closing agent shall:

(1) examine the closing agent to determine compliance with this section; and



(2) impose and collect penalties under subsection (g).

SECTION 14. IC 6-1.1-12-46, AS AMENDED BY P.L.230-2025, SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 46. (a) This section applies to real property for an assessment date in 2011 or a later year if:

- (1) the real property is not exempt from property taxation for the assessment date;
- (2) title to the real property is transferred after the assessment date and on or before the December 31 that next succeeds the assessment date;
- (3) the transferee of the real property applies for an exemption under IC 6-1.1-11 for the next succeeding assessment date; and
- (4) the county property tax assessment board of appeals determines that the real property is exempt from property taxation for that next succeeding assessment date.

(b) For the assessment date referred to in subsection (a)(1), real property is eligible for any deductions for which the transferor under section (a)(2) was eligible for that assessment date under the following:

- (1) IC 6-1.1-12-1 (before its repeal).
- (2) IC 6-1.1-12-9 (before its expiration).
- (3) IC 6-1.1-12-11 (before its expiration).
- (4) IC 6-1.1-12-13 **(before its expiration).**
- (5) IC 6-1.1-12-14.
- (6) IC 6-1.1-12-16 (before its expiration).
- (7) IC 6-1.1-12-17.4 (before its expiration).
- (8) IC 6-1.1-12-18 (before its expiration).
- (9) IC 6-1.1-12-22 (before its expiration).
- (10) IC 6-1.1-12-37.
- (11) IC 6-1.1-12-37.5.

(c) For the payment date applicable to the assessment date referred to in subsection (a)(1), real property is eligible for the credit for excessive residential property taxes under IC 6-1.1-20.6 for which the transferor under subsection (a)(2) would be eligible for that payment date if the transfer had not occurred.

SECTION 15. IC 6-1.1-22-19, AS ADDED BY P.L.230-2025, SECTION 50, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 19. (a) This section applies to real property tax statements provided to taxpayers after December 31, 2025.

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19 SECTION 16. IC 6-1.1-37-4, AS AMENDED BY P.L.230-2025,  
20 SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
21 JANUARY 1, 2026 (RETROACTIVE)]: Sec. 4. A person who makes  
22 a false statement, with intent to obtain the property tax deduction  
23 provided in either IC 6-1.1-12-13 (**before its expiration**) or  
24 IC 6-1.1-12-14 when the person is not entitled to the deduction,  
25 commits a Class B misdemeanor.

SECTION 17. IC 6-1.1-51.3-5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: **Sec. 5. (a) An individual is entitled to a credit against local property taxes imposed on the individual's real property, or mobile home or manufactured home within the county, if:**

34 (2) the individual received an honorable discharge;

35 (3) the individual is at least sixty-two (62) years of

36 has a disability of at least ten percent (10%)

37 (4) the individual's disability is evidenced by:

38 (A) a pension certificate or an award of compensation

39 issued by the United States Department of Veterans  
40 Affairs; or  
41 (B) a certificate of eligibility issued to the individual by  
42 the Indiana department of veterans' affairs after the

the Indiana Department of Veterans Affairs after the



1                   **Indiana department of veterans' affairs has determined**  
 2                   **that the individual's disability qualifies the individual to**  
 3                   **receive a credit under this section; and**

4                   **(5) the individual:**

- 5                   **(A) owns the real property, mobile home, or**  
 6                   **manufactured home; or**
- 7                   **(B) is buying the real property, mobile home, or**  
 8                   **manufactured home under contract;**

9                   **on the date the credit is claimed, and in the case of clause (B),**  
 10                  **the contract or a memorandum of the contract is recorded in**  
 11                  **the county recorder's office.**

12                  **(b) The amount of the credit is equal to three hundred dollars**  
 13                  **(\$300).**

14                  **(c) The surviving spouse of an individual may receive the**  
 15                  **credit provided by this section if:**

- 16                  **(1) the individual satisfied the requirements of subsection**  
 17                  **(a)(1) through (a)(4) at the time of death; or**

18                  **(2) the individual:**

- 19                  **(A) was killed in action;**
- 20                  **(B) died while serving on active duty in the military or**  
 21                  **naval forces of the United States; or**
- 22                  **(C) died while performing inactive duty training in the**  
 23                  **military or naval forces of the United States;**

24                  **and the surviving spouse satisfies the requirement of subsection**  
 25                  **(a)(5) at the time the credit is claimed. The surviving spouse is**  
 26                  **entitled to the credit regardless of whether the property for which**  
 27                  **the credit is claimed was owned by the deceased veteran or the**  
 28                  **surviving spouse before the deceased veteran's death.**

29                  **(d) An individual who receives the credit provided by this**  
 30                  **section may not receive the credit provided by section 1 of this**  
 31                  **chapter. However, the individual may receive any other property**  
 32                  **tax credit that the individual is entitled to by law.**

33                  **(e) An individual who has sold real property or a mobile home**  
 34                  **or manufactured home to another person under a contract that**  
 35                  **provides that the contract buyer is to pay the property taxes on the**  
 36                  **real property, mobile home, or manufactured home may not claim**  
 37                  **the credit provided under this section against that real property,**  
 38                  **mobile home, or manufactured home.**

39                  **(f) An individual wishing to claim a credit under this section**  
 40                  **must file a statement, on forms prescribed by the department of**  
 41                  **local government finance, with the county auditor and provide**  
 42                  **documentation necessary to substantiate the individual's eligibility**



1       **for the credit. The statement must be completed and dated on or**  
 2       **before January 15 of the calendar year in which the property taxes**  
 3       **are first due and payable. The statement may be filed in person or**  
 4       **by mail. If mailed, the mailing must be postmarked on or before**  
 5       **the last day for filing. An individual who remains eligible for the**  
 6       **credit in the following year is not required to file a statement to**  
 7       **apply for the credit in the following year. However, an individual**  
 8       **who receives a credit under this section in a particular year and**  
 9       **who becomes ineligible for the credit in the following year shall**  
 10      **notify the auditor of the county in which the homestead is located**  
 11      **of the individual's ineligibility not later than sixty (60) days after**  
 12      **the individual becomes ineligible.**

13      SECTION 18. IC 6-1.1-51.3-6 IS ADDED TO THE INDIANA  
 14      CODE AS A NEW SECTION TO READ AS FOLLOWS  
 15      [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 6. (a) An  
 16      individual is entitled to a credit against local property taxes  
 17      imposed on the individual's real property, mobile home, or  
 18      manufactured home within the county, if:

- 19           (1) the individual served in the military or naval forces of the  
 20           United States during any of its wars;
- 21           (2) the individual received an honorable discharge;
- 22           (3) the individual has a disability with a service connected  
 23           disability of ten percent (10%) or more;
- 24           (4) the individual's disability is evidenced by:
  - 25           (A) a pension certificate, an award of compensation, or  
 26           a disability compensation check issued by the United  
 27           States Department of Veterans Affairs; or
  - 28           (B) a certificate of eligibility issued to the individual by  
 29           the Indiana department of veterans' affairs after the  
 30           Indiana department of veterans' affairs has determined  
 31           that the individual's disability qualifies the individual to  
 32           receive a credit under this section; and
- 33           (5) the individual:
  - 34           (A) owns the real property, mobile home, or  
 35           manufactured home; or
  - 36           (B) is buying the real property, mobile home, or  
 37           manufactured home under contract;

38      on the date the credit is claimed, and in the case of clause (B),  
 39      the contract or a memorandum of the contract is recorded in  
 40      the county recorder's office.

41      (b) The amount of the credit is equal to four hundred dollars  
 42      (\$400).



(c) The surviving spouse of an individual may receive the credit provided by this section if the individual satisfied the requirements of subsection (a)(1) through (a)(4) at the time of death and the surviving spouse satisfies the requirement of subsection (a)(5) at the time the credit is claimed. The surviving spouse is entitled to the credit regardless of whether the property for which the credit is claimed was owned by the deceased veteran or the surviving spouse before the deceased veteran's death.

(d) An individual who receives the credit provided by this section may not receive the credit provided by section 1 of this chapter. However, the individual may receive any other property tax credit that the individual is entitled to by law.

(e) An individual who has sold real property or a mobile home or manufactured home to another person under a contract that provides that the contract buyer is to pay the property taxes on the real property, mobile home, or manufactured home may not claim the credit provided under this section against that real property, mobile home, or manufactured home.

(f) An individual wishing to claim a credit under this section must file a statement, on forms prescribed by the department of local government finance, with the county auditor and provide documentation necessary to substantiate the individual's eligibility for the credit. The statement must be completed and dated on or before January 15 of the calendar year in which the property taxes are first due and payable. The statement may be filed in person or by mail. If mailed, the mailing must be postmarked on or before the last day for filing. An individual who remains eligible for the credit in the following year is not required to file a statement to apply for the credit in the following year. However, an individual who receives a credit under this section in a particular year and who becomes ineligible for the credit in the following year shall notify the auditor of the county in which the homestead is located of the individual's ineligibility not later than sixty (60) days after the individual becomes ineligible.

SECTION 19. IC 6-1.1-53 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]:

## Chapter 53. Maximum Property Tax Liability Credit for Certain Veterans

**Sec. 1. This chapter applies only to property taxes imposed for assessment dates after December 31, 2025, and before January 1, 2033.**

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1                   **Sec. 2. As used in this chapter, "qualified individual" means an**  
 2                   **individual who:**

3                   (1) received a property tax deduction for the January 1,  
 4                   2025, assessment date under IC 6-1.1-12-13 (before its  
 5                   expiration); and  
 6                   (2) is entitled to and is claiming a property tax credit for the  
 7                   current assessment date under:  
 8                   (A) IC 6-1.1-51.3-5; or  
 9                   (B) IC 6-1.1-51.3-6.

10                  **Sec. 3. For each assessment date, each county auditor shall**  
 11                  **determine the following with respect to each qualified individual**  
 12                  **on whose real property, or mobile home or manufactured home**  
 13                  **within the county, property taxes will be imposed in the county:**

14                  (1) The qualified individual's net property tax liability for  
 15                  the assessment date before application of any credit under  
 16                  this chapter.  
 17                  (2) The qualified individual's net property tax liability for  
 18                  the assessment date before application of any credit under  
 19                  this chapter and calculated as if:  
 20                   (A) the applicable property tax credit described in  
 21                   section 2(2) of this chapter, and the corresponding credit  
 22                   amount, were not in effect; and  
 23                   (B) the property tax deduction described in section 2(1)  
 24                   of this chapter that the qualified individual received for  
 25                   the January 1, 2025, assessment date, and the  
 26                   corresponding deduction amount, remain in effect.

27                  **Sec. 4. A qualified individual is entitled to a credit against local**  
 28                  **property taxes imposed for an assessment date on the qualified**  
 29                  **individual's real property, or mobile home or manufactured home**  
 30                  **within the county, in an amount equal to the greater of:**

31                  (1) zero (0); or  
 32                  (2) the result of:  
 33                   (A) the amount determined under section 3(1) of this  
 34                   chapter; minus  
 35                   (B) the amount determined under section 3(2) of this  
 36                   chapter.

37                  **Sec. 5. A credit under this chapter is in addition to a property**  
 38                  **tax credit applied under IC 6-1.1-51.3 and shall be applied to a**  
 39                  **qualified individual's property tax liability for the year in the**  
 40                  **manner set forth in IC 6-1.1-51.3-0.5.**

41                  **Sec. 6. A qualified individual is not required to file an**  
 42                  **application for the credit under this chapter.**



1 SECTION 20. IC 6-3-2-6, AS AMENDED BY P.L.146-2020,  
 2 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 3 JANUARY 1, 2026 (RETROACTIVE)]: Sec. 6. (a) Each taxable year,  
 4 an individual who rents a dwelling for use as the individual's principal  
 5 place of residence may deduct from the individual's adjusted gross  
 6 income (as defined in IC 6-3-1-3.5(a)), the lesser of:

- 7 (1) the amount of rent paid by the individual with respect to the  
   dwelling during the taxable year; or
- 8 (2) three thousand dollars (\$3,000).

9 (b) Notwithstanding subsection (a):

- 10 (1) a married couple filing a joint return for a particular taxable  
   year may not claim a deduction under ~~this section~~ subsection (a)  
   of more than three thousand dollars (\$3,000); and
- 11 (2) a married individual filing a separate return for a particular  
   taxable year may not claim a deduction under ~~this section~~  
   subsection (a) of more than one thousand five hundred dollars  
   (\$1,500).

12 (c) **Each taxable year, an individual who is a totally disabled  
   veteran and claims a deduction under subsection (a) for the taxable  
   year may deduct an additional amount from the individual's  
   adjusted gross income equal to twenty thousand dollars (\$20,000).**

13 (d) If:

- 14 (1) a married couple files a joint return for the taxable year;  
   and

15 (2) each spouse has a different disability rating determined  
   by the United States Department of Veterans Affairs;  
 16 the married couple shall use the disability rating of the spouse that  
 17 is greater to determine eligibility for the additional deduction  
 18 under subsection (c) or (f) and to calculate the amount of the  
 19 additional deduction claimed by the married couple under  
 20 subsection (c) or (f).

21 (e) Notwithstanding subsection (c), a married couple filing a  
 22 joint return for a taxable year may not claim a deduction under  
 23 subsection (c) of more than twenty thousand dollars (\$20,000) for  
 24 the taxable year.

25 (f) **Each taxable year, an individual who is a partially disabled  
   veteran and claims a deduction under subsection (a) for the taxable  
   year may deduct an additional amount from the individual's  
   adjusted gross income equal to the lesser of:**

- 26 (1) the product of:

27 (A) the amount of the deduction granted under  
 28 subsection (a); multiplied by



(B) the individual's disability rating as determined by the United States Department of Veterans Affairs; or

**(2) ten thousand dollars (\$10,000).**

(g) If:

**(1) a married couple files a joint return for the taxable year; and**

(2) each spouse has a different disability rating determined by the United States Department of Veterans Affairs; the married couple shall use the disability rating of the spouse that is greater to calculate the amount of the additional deduction claimed by the married couple under subsection (f).

(h) Notwithstanding subsection (f), a married couple filing a joint return for a taxable year may not claim a deduction under subsection (f) of more than ten thousand dollars (\$10,000) for the taxable year.

16                   (e) (i) The deduction provided by this section does not apply to an  
17                   individual who rents a dwelling that is exempt from Indiana property  
18                   tax.

19 (d) (j) For purposes of this section, a "dwelling" includes a single  
20 family dwelling and unit of a multi-family dwelling.

SECTION 21. IC 6-6-5-5, AS AMENDED BY P.L.230-2025, SECTION 87, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 5. A person that owns a vehicle and that is entitled to a property tax deduction under IC 6-1.1-12-13 (**before its expiration**), IC 6-1.1-12-14, or IC 6-1.1-12-16 (before its expiration) is entitled to a credit against the vehicle excise tax as follows: Any remaining deduction from assessed valuation to which the person is entitled, applicable to property taxes payable in the year in which the excise tax imposed by this chapter is due, after allowance of the deduction on real estate and personal property owned by the person, shall reduce the vehicle excise tax in the amount of two dollars (\$2) on each one hundred dollars (\$100) of taxable value or major portion thereof. The county auditor shall, upon request, furnish a certified statement to the person verifying the credit allowable under this section, and the statement shall be presented to and retained by the bureau to support the credit.

SECTION 22. IC 6-6-5-5.2, AS AMENDED BY P.L.230-2025, SECTION 88, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 5.2. (a) This section applies to a registration year beginning after December 31, 2013.



1       individual if the individual is eligible for the credit under any of the  
2       following:

3               (1) The individual meets all the following requirements:

4                       (A) The individual served in the military or naval forces of  
5                       the United States during any of its wars.

6                       (B) The individual received an honorable discharge.

7                       (C) The individual has a disability with a service connected  
8                       disability of ten percent (10%) or more.

9                       (D) The individual's disability is evidenced by:

10                               (i) a pension certificate, an award of compensation, or  
11                               a disability compensation check issued by the United  
12                               States Department of Veterans Affairs; or

13                               (ii) a certificate of eligibility issued to the individual by  
14                               the Indiana department of veterans' affairs after the  
15                               Indiana department of veterans' affairs has determined  
16                               that the individual's disability qualifies the individual  
17                               to receive a credit under this section.

18                       (E) The individual does not own property to which a  
19                               property tax deduction may be applied under IC 6-1.1-12-13  
20                               **(before its expiration).**

21               (2) The individual meets all the following requirements:

22                       (A) The individual served in the military or naval forces of  
23                               the United States for at least ninety (90) days.

24                       (B) The individual received an honorable discharge.

25                       (C) The individual either:

26                               (i) has a total disability; or

27                               (ii) is at least sixty-two (62) years of age and has a  
28                               disability of at least ten percent (10%).

29                       (D) The individual's disability is evidenced by:

30                               (i) a pension certificate or an award of compensation  
31                               issued by the United States Department of Veterans  
32                               Affairs; or

33                               (ii) a certificate of eligibility issued to the individual by  
34                               the Indiana department of veterans' affairs after the  
35                               Indiana department of veterans' affairs has determined  
36                               that the individual's disability qualifies the individual  
37                               to receive a credit under this section.

38                       (E) The individual does not own property to which a  
39                               property tax deduction may be applied under  
40                               IC 6-1.1-12-14.

41               (3) The individual meets both of the following requirements:



(i) An individual who would have been eligible for a credit under this section if the individual had been alive in 2013 and this section had been in effect in 2013.

(ii) An individual who received a credit under this section in the previous calendar year.

(iii) A World War I veteran.

10 (B) The individual does not own property to which a  
11 property tax deduction may be applied under IC 6-1.1-12-13  
12 (**before its expiration**), IC 6-1.1-12-14, or IC 6-1.1-12-16  
13 (before its expiration).

19 (2) Seventy dollars (\$70).

20 (d) The maximum number of motor vehicles for which an  
21 individual may claim a credit under this section is two (2).

22 (e) An individual may not claim a credit under both:

23 (1) this section; and

24 (2) section 5 of this chapter.

25 (f) The credit allowed by this section must be claimed on a form  
26 prescribed by the bureau. An individual claiming the credit must attach  
27 to the form an affidavit from the county auditor stating that the  
28 claimant does not own property to which a property tax deduction may  
29 be applied under IC 6-1.1-12-13 (before its expiration),  
30 IC 6-1.1-12-14, or IC 6-1.1-12-16 (before its expiration).

31 SECTION 23. IC 6-6-6.5-13, AS AMENDED BY P.L.230-2025,  
32 SECTION 89, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
33 JANUARY 1, 2026 (RETROACTIVE)]: Sec. 13. (a) As the basis for  
34 measuring the tax imposed by this chapter, the department shall  
35 classify every taxable aircraft in its proper class according to the  
36 following classification plan:

37	CLASS	DESCRIPTION
38	A	Piston-driven
39	B	Piston-driven, and Pressurized
40	C	Turbine driven
41		



or other Powered  
Homebuilt, Gliders, or  
Hot Air Balloons

(b) The tax imposed under this chapter is based on the age, class, and maximum landing weight of the taxable aircraft. The amount of tax imposed on the taxable aircraft is based on the following table:

7	Age	Class A	Class B	Class C	Class D
8	0-4	\$.04/lb	\$.065/lb	\$.09/lb	\$.0175/lb
9	5-8	\$.035/lb	\$.055/lb	\$.08/lb	\$.015/lb
10	9-12	\$.03/lb	\$.05/lb	\$.07/lb	\$.0125/lb
11	13-16	\$.025/lb	\$.025/lb	\$.025/lb	\$.01/lb
12	17-25	\$.02/lb	\$.02/lb	\$.02/lb	\$.0075/lb
13	over 25	\$.01/lb	\$.01/lb	\$.01/lb	\$.005/lb

(c) An aircraft owner, who sells an aircraft on which the owner has paid the tax imposed under this chapter, is entitled to a credit for the tax paid. The credit equals excise tax paid on the aircraft that was sold, times the lesser of:

- (1) ninety percent (90%); or
- (2) ten percent (10%) times the number of months remaining in the registration year after the sale of the aircraft.

The credit may only be used to reduce the tax imposed under this chapter on another aircraft purchased by that owner during the registration year in which the credit accrues. A person may not receive a refund for a credit under this subsection.

(d) A person who is entitled to a property tax deduction under IC 6-1.1-12-13 (**before its expiration**) or IC 6-1.1-12-14 is entitled to a credit against the tax imposed on the person's aircraft under this chapter. The credit equals the amount of the property tax deduction to which the person is entitled under IC 6-1.1-12-13 (**before its expiration**) and IC 6-1.1-12-14 minus the amount of that deduction used to offset the person's property taxes or vehicle excise taxes, times seven hundredths (.07). The credit may not exceed the amount of the tax due under this chapter. The county auditor shall, upon the person's request, furnish a certified statement showing the credit allowable under this subsection. The department may not allow a credit under this subsection until the auditor's statement has been filed in the department's office.

SECTION 24. IC 36-7-14-39, AS AMENDED BY P.L.181-2025, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 39. (a) As used in this section:

"Allocation area" means that part of a redevelopment project area



1 to which an allocation provision of a declaratory resolution adopted  
 2 under section 15 of this chapter refers for purposes of distribution and  
 3 allocation of property taxes.

4 "Base assessed value" means, subject to subsection (j), the  
 5 following:

6 (1) If an allocation provision is adopted after June 30, 1995, in a  
 7 declaratory resolution or an amendment to a declaratory  
 8 resolution establishing an economic development area:

9 (A) the net assessed value of all the property as finally  
 10 determined for the assessment date immediately preceding the  
 11 effective date of the allocation provision of the declaratory  
 12 resolution, as adjusted under subsection (h); plus

13 (B) to the extent that it is not included in clause (A), the net  
 14 assessed value of property that is assessed as residential  
 15 property under the rules of the department of local government  
 16 finance, within the allocation area, as finally determined for  
 17 the current assessment date.

18 (2) If an allocation provision is adopted after June 30, 1997, in a  
 19 declaratory resolution or an amendment to a declaratory  
 20 resolution establishing a redevelopment project area:

21 (A) the net assessed value of all the property as finally  
 22 determined for the assessment date immediately preceding the  
 23 effective date of the allocation provision of the declaratory  
 24 resolution, as adjusted under subsection (h); plus

25 (B) to the extent that it is not included in clause (A), the net  
 26 assessed value of property that is assessed as residential  
 27 property under the rules of the department of local government  
 28 finance, as finally determined for the current assessment date.

29 (3) If:

30 (A) an allocation provision adopted before June 30, 1995, in  
 31 a declaratory resolution or an amendment to a declaratory  
 32 resolution establishing a redevelopment project area expires  
 33 after June 30, 1997; and

34 (B) after June 30, 1997, a new allocation provision is included  
 35 in an amendment to the declaratory resolution;

36 the net assessed value of all the property as finally determined for  
 37 the assessment date immediately preceding the effective date of  
 38 the allocation provision adopted after June 30, 1997, as adjusted  
 39 under subsection (h).

40 (4) Except as provided in subdivision (5), for all other allocation  
 41 areas, the net assessed value of all the property as finally



1                   determined for the assessment date immediately preceding the  
 2                   effective date of the allocation provision of the declaratory  
 3                   resolution, as adjusted under subsection (h).

4                   (5) If an allocation area established in an economic development  
 5                   area before July 1, 1995, is expanded after June 30, 1995, the  
 6                   definition in subdivision (1) applies to the expanded part of the  
 7                   area added after June 30, 1995.

8                   (6) If an allocation area established in a redevelopment project  
 9                   area before July 1, 1997, is expanded after June 30, 1997, the  
 10                  definition in subdivision (2) applies to the expanded part of the  
 11                  area added after June 30, 1997.

12                  Except as provided in section 39.3 of this chapter, "property taxes"  
 13                  means taxes imposed under IC 6-1.1 on real property. However, upon  
 14                  approval by a resolution of the redevelopment commission adopted  
 15                  before June 1, 1987, "property taxes" also includes taxes imposed  
 16                  under IC 6-1.1 on depreciable personal property. If a redevelopment  
 17                  commission adopted before June 1, 1987, a resolution to include within  
 18                  the definition of property taxes, taxes imposed under IC 6-1.1 on  
 19                  depreciable personal property that has a useful life in excess of eight  
 20                  (8) years, the commission may by resolution determine the percentage  
 21                  of taxes imposed under IC 6-1.1 on all depreciable personal property  
 22                  that will be included within the definition of property taxes. However,  
 23                  the percentage included must not exceed twenty-five percent (25%) of  
 24                  the taxes imposed under IC 6-1.1 on all depreciable personal property.

25                  (b) A declaratory resolution adopted under section 15 of this chapter  
 26                  on or before the allocation deadline determined under subsection (i)  
 27                  may include a provision with respect to the allocation and distribution  
 28                  of property taxes for the purposes and in the manner provided in this  
 29                  section. A declaratory resolution previously adopted may include an  
 30                  allocation provision by the amendment of that declaratory resolution on  
 31                  or before the allocation deadline determined under subsection (i) in  
 32                  accordance with the procedures required for its original adoption. A  
 33                  declaratory resolution or amendment that establishes an allocation  
 34                  provision must include a specific finding of fact, supported by  
 35                  evidence, that the adoption of the allocation provision will result in  
 36                  new property taxes in the area that would not have been generated but  
 37                  for the adoption of the allocation provision. For an allocation area  
 38                  established before July 1, 1995, the expiration date of any allocation  
 39                  provisions for the allocation area is June 30, 2025, or the last date of  
 40                  any obligations that are outstanding on July 1, 2015, whichever is later.  
 41                  A declaratory resolution or an amendment that establishes an allocation



1 provision after June 30, 1995, must specify an expiration date for the  
 2 allocation provision. For an allocation area established before July 1,  
 3 2008, the expiration date may not be more than thirty (30) years after  
 4 the date on which the allocation provision is established. For an  
 5 allocation area established after June 30, 2008, the expiration date may  
 6 not be more than twenty-five (25) years after the date on which the first  
 7 obligation was incurred to pay principal and interest on bonds or lease  
 8 rentals on leases payable from tax increment revenues. However, with  
 9 respect to bonds or other obligations that were issued before July 1,  
 10 2008, if any of the bonds or other obligations that were scheduled when  
 11 issued to mature before the specified expiration date and that are  
 12 payable only from allocated tax proceeds with respect to the allocation  
 13 area remain outstanding as of the expiration date, the allocation  
 14 provision does not expire until all of the bonds or other obligations are  
 15 no longer outstanding. Notwithstanding any other law, in the case of an  
 16 allocation area that is established after June 30, 2019, and that is  
 17 located in a redevelopment project area described in section  
 18 25.1(c)(3)(C) of this chapter, an economic development area described  
 19 in section 25.1(c)(3)(C) of this chapter, or an urban renewal project  
 20 area described in section 25.1(c)(3)(C) of this chapter, the expiration  
 21 date of the allocation provision may not be more than thirty-five (35)  
 22 years after the date on which the allocation provision is established.  
 23 The allocation provision may apply to all or part of the redevelopment  
 24 project area. The allocation provision must require that any property  
 25 taxes subsequently levied by or for the benefit of any public body  
 26 entitled to a distribution of property taxes on taxable property in the  
 27 allocation area be allocated and distributed as follows:

28 (1) Except as otherwise provided in this section, the proceeds of  
 29 the taxes attributable to the lesser of:  
 30 (A) the assessed value of the property for the assessment date  
 31 with respect to which the allocation and distribution is made;  
 32 or  
 33 (B) the base assessed value;  
 34 shall be allocated to and, when collected, paid into the funds of  
 35 the respective taxing units.  
 36 (2) This subdivision applies to a fire protection territory  
 37 established after December 31, 2022. If a unit becomes a  
 38 participating unit of a fire protection territory that is established  
 39 after a declaratory resolution is adopted under section 15 of this  
 40 chapter, the excess of the proceeds of the property taxes  
 41 attributable to an increase in the property tax rate for the

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1 participating unit of a fire protection territory:

2 (A) except as otherwise provided by this subdivision, shall be  
3 determined as follows:

4     STEP ONE: Divide the unit's tax rate for fire protection for  
5     the year before the establishment of the fire protection  
6     territory by the participating unit's tax rate as part of the fire  
7     protection territory.

8     STEP TWO: Subtract the STEP ONE amount from one (1).

9     STEP THREE: Multiply the STEP TWO amount by the  
10    allocated property tax attributable to the participating unit of  
11    the fire protection territory; and

12    (B) to the extent not otherwise included in subdivisions (1)  
13    and (3), the amount determined under STEP THREE of clause  
14    (A) shall be allocated to and distributed in the form of an  
15    allocated property tax revenue pass back to the participating  
16    unit of the fire protection territory for the assessment date with  
17    respect to which the allocation is made.

18    However, if the redevelopment commission determines that it is  
19    unable to meet its debt service obligations with regards to the  
20    allocation area without all or part of the allocated property tax  
21    revenue pass back to the participating unit of a fire protection area  
22    under this subdivision, then the allocated property tax revenue  
23    pass back under this subdivision shall be reduced by the amount  
24    necessary for the redevelopment commission to meet its debt  
25    service obligations of the allocation area. The calculation under  
26    this subdivision must be made by the redevelopment commission  
27    in collaboration with the county auditor and the applicable fire  
28    protection territory. Any calculation determined according to  
29    clause (A) must be submitted to the department of local  
30    government finance in the manner prescribed by the department  
31    of local government finance. The department of local government  
32    finance shall verify the accuracy of each calculation.

33    (3) The excess of the proceeds of the property taxes imposed for  
34    the assessment date with respect to which the allocation and  
35    distribution is made that are attributable to taxes imposed after  
36    being approved by the voters in a referendum or local public  
37    question conducted after April 30, 2010, not otherwise included  
38    in subdivisions (1) and (2) shall be allocated to and, when  
39    collected, paid into the funds of the taxing unit for which the  
40    referendum or local public question was conducted.

41    (4) Except as otherwise provided in this section, property tax



1           proceeds in excess of those described in subdivisions (1), (2), and  
 2           (3) shall be allocated to the redevelopment district and, when  
 3           collected, paid into an allocation fund for that allocation area that  
 4           may be used by the redevelopment district only to do one (1) or  
 5           more of the following:

- 6           (A) Pay the principal of and interest on any obligations  
 7           payable solely from allocated tax proceeds which are incurred  
 8           by the redevelopment district for the purpose of financing or  
 9           refinancing the redevelopment of that allocation area.
- 10           (B) Establish, augment, or restore the debt service reserve for  
 11           bonds payable solely or in part from allocated tax proceeds in  
 12           that allocation area.
- 13           (C) Pay the principal of and interest on bonds payable from  
 14           allocated tax proceeds in that allocation area and from the  
 15           special tax levied under section 27 of this chapter.
- 16           (D) Pay the principal of and interest on bonds issued by the  
 17           unit to pay for local public improvements that are physically  
 18           located in or physically connected to that allocation area.
- 19           (E) Pay premiums on the redemption before maturity of bonds  
 20           payable solely or in part from allocated tax proceeds in that  
 21           allocation area.
- 22           (F) Make payments on leases payable from allocated tax  
 23           proceeds in that allocation area under section 25.2 of this  
 24           chapter.
- 25           (G) Reimburse the unit for expenditures made by it for local  
 26           public improvements (which include buildings, parking  
 27           facilities, and other items described in section 25.1(a) of this  
 28           chapter) that are physically located in or physically connected  
 29           to that allocation area.
- 30           (H) Reimburse the unit for rentals paid by it for a building or  
 31           parking facility that is physically located in or physically  
 32           connected to that allocation area under any lease entered into  
 33           under IC 36-1-10.
- 34           (I) For property taxes first due and payable before January 1,  
 35           2009, pay all or a part of a property tax replacement credit to  
 36           taxpayers in an allocation area as determined by the  
 37           redevelopment commission. This credit equals the amount  
 38           determined under the following STEPS for each taxpayer in a  
 39           taxing district (as defined in IC 6-1.1-1-20) that contains all or  
 40           part of the allocation area:
- 41           STEP ONE: Determine that part of the sum of the amounts



1 under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2),  
 2 IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and  
 3 IC 6-1.1-21-2(g)(5) (before their repeal) that is attributable to  
 4 the taxing district.

5 STEP TWO: Divide:

- 6 (i) that part of each county's eligible property tax  
 7 replacement amount (as defined in IC 6-1.1-21-2 (before its  
 8 repeal)) for that year as determined under IC 6-1.1-21-4  
 9 (before its repeal) that is attributable to the taxing district;  
 10 by  
 11 (ii) the STEP ONE sum.

12 STEP THREE: Multiply:

- 13 (i) the STEP TWO quotient; times  
 14 (ii) the total amount of the taxpayer's taxes (as defined in  
 15 IC 6-1.1-21-2 (before its repeal)) levied in the taxing district  
 16 that have been allocated during that year to an allocation  
 17 fund under this section.

18 If not all the taxpayers in an allocation area receive the credit  
 19 in full, each taxpayer in the allocation area is entitled to  
 20 receive the same proportion of the credit. A taxpayer may not  
 21 receive a credit under this section and a credit under section  
 22 39.5 of this chapter (before its repeal) in the same year.

23 (J) Pay expenses incurred by the redevelopment commission  
 24 for local public improvements that are in the allocation area or  
 25 serving the allocation area. Public improvements include  
 26 buildings, parking facilities, and other items described in  
 27 section 25.1(a) of this chapter.

28 (K) Reimburse public and private entities for expenses  
 29 incurred in training employees of industrial facilities that are  
 30 located:

- 31 (i) in the allocation area; and  
 32 (ii) on a parcel of real property that has been classified as  
 33 industrial property under the rules of the department of local  
 34 government finance.

35 However, the total amount of money spent for this purpose in  
 36 any year may not exceed the total amount of money in the  
 37 allocation fund that is attributable to property taxes paid by the  
 38 industrial facilities described in this clause. The  
 39 reimbursements under this clause must be made within three  
 40 (3) years after the date on which the investments that are the  
 41 basis for the increment financing are made.



(L) Pay the costs of carrying out an eligible efficiency project (as defined in IC 36-9-41-1.5) within the unit that established the redevelopment commission. However, property tax proceeds may be used under this clause to pay the costs of carrying out an eligible efficiency project only if those property tax proceeds exceed the amount necessary to do the following:

(i) Make, when due, any payments required under clauses (A) through (K), including any payments of principal and interest on bonds and other obligations payable under this subdivision, any payments of premiums under this subdivision on the redemption before maturity of bonds, and any payments on leases payable under this subdivision.

(ii) Make any reimbursements required under this subdivision.

(iii) Pay any expenses required under this subdivision.

(iv) Establish, augment, or restore any debt service reserve under this subdivision.

- (M) Expend money and provide financial assistance as authorized in section 12.2(a)(27) of this chapter.
- (N) Expend revenues that are allocated for police and fire services on both capital expenditures and operating expenses as authorized in section 12.2(a)(28) of this chapter.

**(O) Expend money or provide financial assistance (including grants and loans) to entities for the purpose of encouraging or incentivizing the construction, expansion, or ongoing operation of child care facilities that are in the allocation area or serving the allocation area.**

The allocation fund may not be used for operating expenses of the commission.

(5) Except as provided in subsection (g), before June 15 of each year, the commission shall do the following:

(A) Determine the amount, if any, by which the assessed value of the taxable property in the allocation area for the most recent assessment date minus the base assessed value, when multiplied by the estimated tax rate of the allocation area, will exceed the amount of assessed value needed to produce the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (4), plus the amount necessary for other purposes described in subdivision (4).

(B) Provide a written notice to the county auditor, the fiscal



1 body of the county or municipality that established the  
 2 department of redevelopment, and the officers who are  
 3 authorized to fix budgets, tax rates, and tax levies under  
 4 IC 6-1.1-17-5 for each of the other taxing units that is wholly  
 5 or partly located within the allocation area. The county auditor,  
 6 upon receiving the notice, shall forward this notice (in an  
 7 electronic format) to the department of local government  
 8 finance not later than June 15 of each year. The notice must:

- 9 (i) state the amount, if any, of excess assessed value that the  
 10 commission has determined may be allocated to the  
 11 respective taxing units in the manner prescribed in  
 12 subdivision (1); or
- 13 (ii) state that the commission has determined that there is no  
 14 excess assessed value that may be allocated to the respective  
 15 taxing units in the manner prescribed in subdivision (1).

16 The county auditor shall allocate to the respective taxing units  
 17 the amount, if any, of excess assessed value determined by the  
 18 commission. The commission may not authorize an allocation  
 19 of assessed value to the respective taxing units under this  
 20 subdivision if to do so would endanger the interests of the  
 21 holders of bonds described in subdivision (4) or lessors under  
 22 section 25.3 of this chapter.

23 (C) If:

- 24 (i) the amount of excess assessed value determined by the  
 25 commission is expected to generate more than two hundred  
 26 percent (200%) of the amount of allocated tax proceeds  
 27 necessary to make, when due, principal and interest  
 28 payments on bonds described in subdivision (4); plus
- 29 (ii) the amount necessary for other purposes described in  
 30 subdivision (4);

31 the commission shall submit to the legislative body of the unit  
 32 its determination of the excess assessed value that the  
 33 commission proposes to allocate to the respective taxing units  
 34 in the manner prescribed in subdivision (1). The legislative  
 35 body of the unit may approve the commission's determination  
 36 or modify the amount of the excess assessed value that will be  
 37 allocated to the respective taxing units in the manner  
 38 prescribed in subdivision (1).

39 (6) Notwithstanding subdivision (5), in the case of an allocation  
 40 area that is established after June 30, 2019, and that is located in  
 41 a redevelopment project area described in section 25.1(c)(3)(C)



1 of this chapter, an economic development area described in  
 2 section 25.1(c)(3)(C) of this chapter, or an urban renewal project  
 3 area described in section 25.1(c)(3)(C) of this chapter, for each  
 4 year the allocation provision is in effect, if the amount of excess  
 5 assessed value determined by the commission under subdivision  
 6 (5)(A) is expected to generate more than two hundred percent  
 7 (200%) of:

8 (A) the amount of allocated tax proceeds necessary to make,  
 9 when due, principal and interest payments on bonds described  
 10 in subdivision (4) for the project; plus

11 (B) the amount necessary for other purposes described in  
 12 subdivision (4) for the project;

13 the amount of the excess assessed value that generates more than  
 14 two hundred percent (200%) of the amounts described in clauses  
 15 (A) and (B) shall be allocated to the respective taxing units in the  
 16 manner prescribed by subdivision (1).

17 (c) For the purpose of allocating taxes levied by or for any taxing  
 18 unit or units, the assessed value of taxable property in a territory in the  
 19 allocation area that is annexed by any taxing unit after the effective  
 20 date of the allocation provision of the declaratory resolution is the  
 21 lesser of:

22 (1) the assessed value of the property for the assessment date with  
 23 respect to which the allocation and distribution is made; or  
 24 (2) the base assessed value.

25 (d) Property tax proceeds allocable to the redevelopment district  
 26 under subsection (b)(4) may, subject to subsection (b)(5), be  
 27 irrevocably pledged by the redevelopment district for payment as set  
 28 forth in subsection (b)(4).

29 (e) Notwithstanding any other law, each assessor shall, upon  
 30 petition of the redevelopment commission, reassess the taxable  
 31 property situated upon or in, or added to, the allocation area, effective  
 32 on the next assessment date after the petition.

33 (f) Notwithstanding any other law, the assessed value of all taxable  
 34 property in the allocation area, for purposes of tax limitation, property  
 35 tax replacement, and formulation of the budget, tax rate, and tax levy  
 36 for each political subdivision in which the property is located is the  
 37 lesser of:

38 (1) the assessed value of the property as valued without regard to  
 39 this section; or

40 (2) the base assessed value.

41 (g) If any part of the allocation area is located in an enterprise zone



1        created under IC 5-28-15, the unit that designated the allocation area  
 2        shall create funds as specified in this subsection. A unit that has  
 3        obligations, bonds, or leases payable from allocated tax proceeds under  
 4        subsection (b)(4) shall establish an allocation fund for the purposes  
 5        specified in subsection (b)(4) and a special zone fund. Such a unit  
 6        shall, until the end of the enterprise zone phase out period, deposit each  
 7        year in the special zone fund any amount in the allocation fund derived  
 8        from property tax proceeds in excess of those described in subsection  
 9        (b)(1), (b)(2), and (b)(3) from property located in the enterprise zone  
 10        that exceeds the amount sufficient for the purposes specified in  
 11        subsection (b)(4) for the year. The amount sufficient for purposes  
 12        specified in subsection (b)(4) for the year shall be determined based on  
 13        the pro rata portion of such current property tax proceeds from the part  
 14        of the enterprise zone that is within the allocation area as compared to  
 15        all such current property tax proceeds derived from the allocation area.  
 16        A unit that has no obligations, bonds, or leases payable from allocated  
 17        tax proceeds under subsection (b)(4) shall establish a special zone fund  
 18        and deposit all the property tax proceeds in excess of those described  
 19        in subsection (b)(1), (b)(2), and (b)(3) in the fund derived from  
 20        property tax proceeds in excess of those described in subsection (b)(1),  
 21        (b)(2), and (b)(3) from property located in the enterprise zone. The unit  
 22        that creates the special zone fund shall use the fund (based on the  
 23        recommendations of the urban enterprise association) for programs in  
 24        job training, job enrichment, and basic skill development that are  
 25        designed to benefit residents and employers in the enterprise zone or  
 26        other purposes specified in subsection (b)(4), except that where  
 27        reference is made in subsection (b)(4) to allocation area it shall refer  
 28        for purposes of payments from the special zone fund only to that part  
 29        of the allocation area that is also located in the enterprise zone. Those  
 30        programs shall reserve at least one-half (1/2) of their enrollment in any  
 31        session for residents of the enterprise zone.

32        (h) The state board of accounts and department of local government  
 33        finance shall make the rules and prescribe the forms and procedures  
 34        that they consider expedient for the implementation of this chapter.  
 35        After each reassessment in an area under a reassessment plan prepared  
 36        under IC 6-1.1-4-4.2, the department of local government finance shall  
 37        adjust the base assessed value one (1) time to neutralize any effect of  
 38        the reassessment of the real property in the area on the property tax  
 39        proceeds allocated to the redevelopment district under this section.  
 40        After each annual adjustment under IC 6-1.1-4-4.5, the department of  
 41        local government finance shall adjust the base assessed value one (1)

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1 time to neutralize any effect of the annual adjustment on the property  
 2 tax proceeds allocated to the redevelopment district under this section.  
 3 However, the adjustments under this subsection:

- 4 (1) may not include the effect of phasing in assessed value due to  
 5 property tax abatements under IC 6-1.1-12.1;
- 6 (2) may not produce less property tax proceeds allocable to the  
 7 redevelopment district under subsection (b)(4) than would  
 8 otherwise have been received if the reassessment under the  
 9 reassessment plan or the annual adjustment had not occurred; and  
 10 (3) may decrease base assessed value only to the extent that  
 11 assessed values in the allocation area have been decreased due to  
 12 annual adjustments or the reassessment under the reassessment  
 13 plan.

14 Assessed value increases attributable to the application of an abatement  
 15 schedule under IC 6-1.1-12.1 may not be included in the base assessed  
 16 value of an allocation area. The department of local government  
 17 finance may prescribe procedures for county and township officials to  
 18 follow to assist the department in making the adjustments.

19 (i) The allocation deadline referred to in subsection (b) is  
 20 determined in the following manner:

21 (1) The initial allocation deadline is December 31, 2011.  
 22 (2) Subject to subdivision (3), the initial allocation deadline and  
 23 subsequent allocation deadlines are automatically extended in  
 24 increments of five (5) years, so that allocation deadlines  
 25 subsequent to the initial allocation deadline fall on December 31,  
 26 2016, and December 31 of each fifth year thereafter.

27 (3) At least one (1) year before the date of an allocation deadline  
 28 determined under subdivision (2), the general assembly may enact  
 29 a law that:

30 (A) terminates the automatic extension of allocation deadlines  
 31 under subdivision (2); and  
 32 (B) specifically designates a particular date as the final  
 33 allocation deadline.

34 (j) If a redevelopment commission adopts a declaratory resolution  
 35 or an amendment to a declaratory resolution that contains an allocation  
 36 provision and the redevelopment commission makes either of the  
 37 filings required under section 17(e) of this chapter after the first  
 38 anniversary of the effective date of the allocation provision, the auditor  
 39 of the county in which the unit is located shall compute the base  
 40 assessed value for the allocation area using the assessment date  
 41 immediately preceding the later of:



(1) the date on which the documents are filed with the county auditor; or

(2) the date on which the documents are filed with the department of local government finance.

(k) For an allocation area established after June 30, 2025, "residential property" refers to the assessed value of property that is allocated to the one percent (1%) homestead land and improvement categories in the county tax and billing software system.

SECTION 25. IC 36-7-15.1-26, AS AMENDED BY P.L.174-2022, SECTION 72, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 26. (a) As used in this section:

12        "Allocation area" means that part of a redevelopment project area  
13      to which an allocation provision of a resolution adopted under section  
14      8 of this chapter refers for purposes of distribution and allocation of  
15      property taxes.

16 "Base assessed value" means, subject to subsection (j), the  
17 following:

(1) If an allocation provision is adopted after June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing an economic development area:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, within the allocation area, as finally determined for the current assessment date.

(2) If an allocation provision is adopted after June 30, 1997, in a declaratory resolution or an amendment to a declaratory resolution establishing a redevelopment project area:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, within the allocation area, as finally determined for the current assessment date.



1 (3) If:

(A) an allocation provision adopted before June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing a redevelopment project area expires after June 30, 1997; and

(B) after June 30, 1997, a new allocation provision is included in an amendment to the declaratory resolution;

8 the net assessed value of all the property as finally determined for  
9 the assessment date immediately preceding the effective date of  
10 the allocation provision adopted after June 30, 1997, as adjusted  
11 under subsection (h).

12 (4) Except as provided in subdivision (5), for all other allocation  
13 areas, the net assessed value of all the property as finally  
14 determined for the assessment date immediately preceding the  
15 effective date of the allocation provision of the declaratory  
16 resolution, as adjusted under subsection (h).

(6) If an allocation area established in a redevelopment project area before July 1, 1997, is expanded after June 30, 1997, the definition in subdivision (2) applies to the expanded part of the area added after June 30, 1997.

25 Except as provided in section 26.2 of this chapter, "property taxes"  
26 means taxes imposed under IC 6-1.1 on real property. However, upon  
27 approval by a resolution of the redevelopment commission adopted  
28 before June 1, 1987, "property taxes" also includes taxes imposed  
29 under IC 6-1.1 on depreciable personal property. If a redevelopment  
30 commission adopted before June 1, 1987, a resolution to include within  
31 the definition of property taxes, taxes imposed under IC 6-1.1 on  
32 depreciable personal property that has a useful life in excess of eight  
33 (8) years, the commission may by resolution determine the percentage  
34 of taxes imposed under IC 6-1.1 on all depreciable personal property  
35 that will be included within the definition of property taxes. However,  
36 the percentage included must not exceed twenty-five percent (25%) of  
37 the taxes imposed under IC 6-1.1 on all depreciable personal property.

(b) A resolution adopted under section 8 of this chapter on or before the allocation deadline determined under subsection (i) may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A

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resolution previously adopted may include an allocation provision by the amendment of that resolution on or before the allocation deadline determined under subsection (i) in accordance with the procedures required for its original adoption. A declaratory resolution or amendment that establishes an allocation provision must include a specific finding of fact, supported by evidence, that the adoption of the allocation provision will result in new property taxes in the area that would not have been generated but for the adoption of the allocation provision. For an allocation area established before July 1, 1995, the expiration date of any allocation provisions for the allocation area is June 30, 2025, or the last date of any obligations that are outstanding on July 1, 2015, whichever is later. However, for an allocation area identified as the Consolidated Allocation Area in the report submitted in 2013 to the fiscal body under section 36.3 of this chapter, the expiration date of any allocation provisions for the allocation area is January 1, 2051. A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1995, must specify an expiration date for the allocation provision. For an allocation area established before July 1, 2008, the expiration date may not be more than thirty (30) years after the date on which the allocation provision is established. For an allocation area established after June 30, 2008, the expiration date may not be more than twenty-five (25) years after the date on which the first obligation was incurred to pay principal and interest on bonds or lease rentals on leases payable from tax increment revenues. However, with respect to bonds or other obligations that were issued before July 1, 2008, if any of the bonds or other obligations that were scheduled when issued to mature before the specified expiration date and that are payable only from allocated tax proceeds with respect to the allocation area remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. The allocation provision may apply to all or part of the redevelopment project area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

- (1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:
  - (A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or



(B) the base assessed value;  
shall be allocated to and, when collected, paid into the funds of  
the respective taxing units.

4 (2) The excess of the proceeds of the property taxes imposed for  
5 the assessment date with respect to which the allocation and  
6 distribution is made that are attributable to taxes imposed after  
7 being approved by the voters in a referendum or local public  
8 question conducted after April 30, 2010, not otherwise included  
9 in subdivision (1) shall be allocated to and, when collected, paid  
10 into the funds of the taxing unit for which the referendum or local  
11 public question was conducted.

18 (A) Pay the principal of and interest on any obligations  
19 payable solely from allocated tax proceeds that are incurred by  
20 the redevelopment district for the purpose of financing or  
21 refinancing the redevelopment of that allocation area.

22 (B) Establish, augment, or restore the debt service reserve for  
23 bonds payable solely or in part from allocated tax proceeds in  
24 that allocation area.

25 (C) Pay the principal of and interest on bonds payable from  
26 allocated tax proceeds in that allocation area and from the  
27 special tax levied under section 19 of this chapter.

(D) Pay the principal of and interest on bonds issued by the consolidated city to pay for local public improvements that are physically located in or physically connected to that allocation area.

32 (E) Pay premiums on the redemption before maturity of bonds  
33 payable solely or in part from allocated tax proceeds in that  
34 allocation area.

35 (F) Make payments on leases payable from allocated tax  
36 proceeds in that allocation area under section 17.1 of this  
37 chapter.

(G) Reimburse the consolidated city for expenditures for local public improvements (which include buildings, parking facilities, and other items set forth in section 17 of this chapter) that are physically located in or physically connected

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1 to that allocation area.

2 (H) Reimburse the unit for rentals paid by it for a building or  
 3 parking facility that is physically located in or physically  
 4 connected to that allocation area under any lease entered into  
 5 under IC 36-1-10.

6 (I) Reimburse public and private entities for expenses incurred  
 7 in training employees of industrial facilities that are located:

8 (i) in the allocation area; and

9 (ii) on a parcel of real property that has been classified as  
 10 industrial property under the rules of the department of local  
 11 government finance.

12 However, the total amount of money spent for this purpose in  
 13 any year may not exceed the total amount of money in the  
 14 allocation fund that is attributable to property taxes paid by the  
 15 industrial facilities described in this clause. The  
 16 reimbursements under this clause must be made within three  
 17 (3) years after the date on which the investments that are the  
 18 basis for the increment financing are made.

19 (J) Pay the costs of carrying out an eligible efficiency project  
 20 (as defined in IC 36-9-41-1.5) within the unit that established  
 21 the redevelopment commission. However, property tax  
 22 proceeds may be used under this clause to pay the costs of  
 23 carrying out an eligible efficiency project only if those  
 24 property tax proceeds exceed the amount necessary to do the  
 25 following:

26 (i) Make, when due, any payments required under clauses  
 27 (A) through (I), including any payments of principal and  
 28 interest on bonds and other obligations payable under this  
 29 subdivision, any payments of premiums under this  
 30 subdivision on the redemption before maturity of bonds, and  
 31 any payments on leases payable under this subdivision.

32 (ii) Make any reimbursements required under this  
 33 subdivision.

34 (iii) Pay any expenses required under this subdivision.

35 (iv) Establish, augment, or restore any debt service reserve  
 36 under this subdivision.

37 (K) Expend money and provide financial assistance as  
 38 authorized in section 7(a)(21) of this chapter.

39 (L) **Expend money or provide financial assistance**  
 40 **(including grants and loans) to entities for the purpose of**  
 41 **encouraging or incentivizing the construction, expansion,**  
 42 **or ongoing operation of child care facilities that are in the**



**allocation area or serving the allocation area.**

The special fund may not be used for operating expenses of the commission.

(4) Before June 15 of each year, the commission shall do the following:

(A) Determine the amount, if any, by which the assessed value of the taxable property in the allocation area for the most recent assessment date minus the base assessed value, when multiplied by the estimated tax rate of the allocation area will exceed the amount of assessed value needed to provide the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (3) plus the amount necessary for other purposes described in subdivision (3) and subsection (g).

(B) Provide a written notice to the county auditor, the legislative body of the consolidated city, the officers who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for each of the other taxing units that is wholly or partly located within the allocation area, and (in an electronic format) the department of local government finance.

The notice must:

(i) state the amount, if any, of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1); or

(ii) state that the commission has determined that there is no excess assessed value that may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The county auditor shall allocate to the respective taxing units the amount, if any, of excess assessed value determined by the commission. The commission may not authorize an allocation to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (3).

(C) If:

(i) the amount of excess assessed value determined by the commission is expected to generate more than two hundred percent (200%) of the amount of allocated tax proceeds necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus

payments on bonds described in subdivision (3); plus  
(ii) the amount necessary for other purposes described in



1 subdivision (3) and subsection (g);  
 2 the commission shall submit to the legislative body of the unit  
 3 the commission's determination of the excess assessed value  
 4 that the commission proposes to allocate to the respective  
 5 taxing units in the manner prescribed in subdivision (1). The  
 6 legislative body of the unit may approve the commission's  
 7 determination or modify the amount of the excess assessed  
 8 value that will be allocated to the respective taxing units in the  
 9 manner prescribed in subdivision (1).

10 (c) For the purpose of allocating taxes levied by or for any taxing  
 11 unit or units, the assessed value of taxable property in a territory in the  
 12 allocation area that is annexed by any taxing unit after the effective  
 13 date of the allocation provision of the resolution is the lesser of:  
 14 (1) the assessed value of the property for the assessment date with  
 15 respect to which the allocation and distribution is made; or  
 16 (2) the base assessed value.

17 (d) Property tax proceeds allocable to the redevelopment district  
 18 under subsection (b)(3) may, subject to subsection (b)(4), be  
 19 irrevocably pledged by the redevelopment district for payment as set  
 20 forth in subsection (b)(3).

21 (e) Notwithstanding any other law, each assessor shall, upon  
 22 petition of the commission, reassess the taxable property situated upon  
 23 or in, or added to, the allocation area, effective on the next assessment  
 24 date after the petition.

25 (f) Notwithstanding any other law, the assessed value of all taxable  
 26 property in the allocation area, for purposes of tax limitation, property  
 27 tax replacement, and formulation of the budget, tax rate, and tax levy  
 28 for each political subdivision in which the property is located is the  
 29 lesser of:  
 30 (1) the assessed value of the property as valued without regard to  
 31 this section; or  
 32 (2) the base assessed value.

33 (g) If any part of the allocation area is located in an enterprise zone  
 34 created under IC 5-28-15, the unit that designated the allocation area  
 35 shall create funds as specified in this subsection. A unit that has  
 36 obligations, bonds, or leases payable from allocated tax proceeds under  
 37 subsection (b)(3) shall establish an allocation fund for the purposes  
 38 specified in subsection (b)(3) and a special zone fund. Such a unit  
 39 shall, until the end of the enterprise zone phase out period, deposit each  
 40 year in the special zone fund the amount in the allocation fund derived  
 41 from property tax proceeds in excess of those described in subsection

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1       (b)(1) and (b)(2) from property located in the enterprise zone that  
 2       exceeds the amount sufficient for the purposes specified in subsection  
 3       (b)(3) for the year. A unit that has no obligations, bonds, or leases  
 4       payable from allocated tax proceeds under subsection (b)(3) shall  
 5       establish a special zone fund and deposit all the property tax proceeds  
 6       in excess of those described in subsection (b)(1) and (b)(2) in the fund  
 7       derived from property tax proceeds in excess of those described in  
 8       subsection (b)(1) and (b)(2) from property located in the enterprise  
 9       zone. The unit that creates the special zone fund shall use the fund,  
 10      based on the recommendations of the urban enterprise association, for  
 11      one (1) or more of the following purposes:

12       (1) To pay for programs in job training, job enrichment, and basic  
 13       skill development designed to benefit residents and employers in  
 14       the enterprise zone. The programs must reserve at least one-half  
 15       (1/2) of the enrollment in any session for residents of the  
 16       enterprise zone.

17       (2) To make loans and grants for the purpose of stimulating  
 18       business activity in the enterprise zone or providing employment  
 19       for enterprise zone residents in the enterprise zone. These loans  
 20       and grants may be made to the following:

21           (A) Businesses operating in the enterprise zone.

22           (B) Businesses that will move their operations to the enterprise  
 23       zone if such a loan or grant is made.

24       (3) To provide funds to carry out other purposes specified in  
 25       subsection (b)(3). However, where reference is made in  
 26       subsection (b)(3) to the allocation area, the reference refers for  
 27       purposes of payments from the special zone fund only to that part  
 28       of the allocation area that is also located in the enterprise zone.

29       (h) The state board of accounts and department of local government  
 30       finance shall make the rules and prescribe the forms and procedures  
 31       that they consider expedient for the implementation of this chapter.  
 32       After each reassessment under a reassessment plan prepared under  
 33       IC 6-1.1-4-4.2, the department of local government finance shall adjust  
 34       the base assessed value one (1) time to neutralize any effect of the  
 35       reassessment of the real property in the area on the property tax  
 36       proceeds allocated to the redevelopment district under this section.  
 37       After each annual adjustment under IC 6-1.1-4-4.5, the department of  
 38       local government finance shall adjust the base assessed value to  
 39       neutralize any effect of the annual adjustment on the property tax  
 40       proceeds allocated to the redevelopment district under this section.  
 41       However, the adjustments under this subsection may not include the



1       effect of property tax abatements under IC 6-1.1-12.1, and these  
 2       adjustments may not produce less property tax proceeds allocable to  
 3       the redevelopment district under subsection (b)(3) than would  
 4       otherwise have been received if the reassessment under the  
 5       reassessment plan or annual adjustment had not occurred. The  
 6       department of local government finance may prescribe procedures for  
 7       county and township officials to follow to assist the department in  
 8       making the adjustments.

9       (i) The allocation deadline referred to in subsection (b) is  
 10      determined in the following manner:

- 11       (1) The initial allocation deadline is December 31, 2011.
- 12       (2) Subject to subdivision (3), the initial allocation deadline and  
 13       subsequent allocation deadlines are automatically extended in  
 14       increments of five (5) years, so that allocation deadlines  
 15       subsequent to the initial allocation deadline fall on December 31,  
 16       2016, and December 31 of each fifth year thereafter.
- 17       (3) At least one (1) year before the date of an allocation deadline  
 18       determined under subdivision (2), the general assembly may enact  
 19       a law that:

- 20       (A) terminates the automatic extension of allocation deadlines  
 21       under subdivision (2); and
- 22       (B) specifically designates a particular date as the final  
 23       allocation deadline.

24       (j) If the commission adopts a declaratory resolution or an  
 25       amendment to a declaratory resolution that contains an allocation  
 26       provision and the commission makes either of the filings required  
 27       under section 10(e) of this chapter after the first anniversary of the  
 28       effective date of the allocation provision, the auditor of the county in  
 29       which the unit is located shall compute the base assessed value for the  
 30       allocation area using the assessment date immediately preceding the  
 31       later of:

- 32       (1) the date on which the documents are filed with the county  
 33       auditor; or
- 34       (2) the date on which the documents are filed with the department  
 35       of local government finance.

36       (k) For an allocation area established after June 30, 2024,  
 37       "residential property" refers to the assessed value of property that is  
 38       allocated to the one percent (1%) homestead land and improvement  
 39       categories in the county tax and billing software system, along with the  
 40       residential assessed value as defined for purposes of calculating the  
 41       rate for the local income tax property tax relief credit designated for



1       residential property under IC 6-3.6-5-6(d)(3).

2       SECTION 26. IC 36-7-15.1-26, AS AMENDED BY P.L.68-2025,  
 3       SECTION 235, IS AMENDED TO READ AS FOLLOWS  
 4       [EFFECTIVE JULY 1, 2027]: Sec. 26. (a) As used in this section:

5       "Allocation area" means that part of a redevelopment project area  
 6       to which an allocation provision of a resolution adopted under section  
 7       8 of this chapter refers for purposes of distribution and allocation of  
 8       property taxes.

9       "Base assessed value" means, subject to subsection (j), the  
 10      following:

11      (1) If an allocation provision is adopted after June 30, 1995, in a  
 12       declaratory resolution or an amendment to a declaratory  
 13       resolution establishing an economic development area:

14       (A) the net assessed value of all the property as finally  
 15       determined for the assessment date immediately preceding the  
 16       effective date of the allocation provision of the declaratory  
 17       resolution, as adjusted under subsection (h); plus

18       (B) to the extent that it is not included in clause (A), the net  
 19       assessed value of property that is assessed as residential  
 20       property under the rules of the department of local government  
 21       finance, within the allocation area, as finally determined for  
 22       the current assessment date.

23      (2) If an allocation provision is adopted after June 30, 1997, in a  
 24       declaratory resolution or an amendment to a declaratory  
 25       resolution establishing a redevelopment project area:

26       (A) the net assessed value of all the property as finally  
 27       determined for the assessment date immediately preceding the  
 28       effective date of the allocation provision of the declaratory  
 29       resolution, as adjusted under subsection (h); plus

30       (B) to the extent that it is not included in clause (A), the net  
 31       assessed value of property that is assessed as residential  
 32       property under the rules of the department of local government  
 33       finance, within the allocation area, as finally determined for  
 34       the current assessment date.

35      (3) If:

36       (A) an allocation provision adopted before June 30, 1995, in  
 37       a declaratory resolution or an amendment to a declaratory  
 38       resolution establishing a redevelopment project area expires  
 39       after June 30, 1997; and

40       (B) after June 30, 1997, a new allocation provision is included  
 41       in an amendment to the declaratory resolution;



1 the net assessed value of all the property as finally determined for  
2 the assessment date immediately preceding the effective date of  
3 the allocation provision adopted after June 30, 1997, as adjusted  
4 under subsection (h).

(4) Except as provided in subdivision (5), for all other allocation areas, the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h).

10 (5) If an allocation area established in an economic development  
11 area before July 1, 1995, is expanded after June 30, 1995, the  
12 definition in subdivision (1) applies to the expanded part of the  
13 area added after June 30, 1995.

14 (6) If an allocation area established in a redevelopment project  
15 area before July 1, 1997, is expanded after June 30, 1997, the  
16 definition in subdivision (2) applies to the expanded part of the  
17 area added after June 30, 1997.

18 Except as provided in section 26.2 of this chapter, "property taxes"  
19 means taxes imposed under IC 6-1.1 on real property. However, upon  
20 approval by a resolution of the redevelopment commission adopted  
21 before June 1, 1987, "property taxes" also includes taxes imposed  
22 under IC 6-1.1 on depreciable personal property. If a redevelopment  
23 commission adopted before June 1, 1987, a resolution to include within  
24 the definition of property taxes, taxes imposed under IC 6-1.1 on  
25 depreciable personal property that has a useful life in excess of eight  
26 (8) years, the commission may by resolution determine the percentage  
27 of taxes imposed under IC 6-1.1 on all depreciable personal property  
28 that will be included within the definition of property taxes. However,  
29 the percentage included must not exceed twenty-five percent (25%) of  
30 the taxes imposed under IC 6-1.1 on all depreciable personal property.

(b) A resolution adopted under section 8 of this chapter on or before the allocation deadline determined under subsection (i) may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A resolution previously adopted may include an allocation provision by the amendment of that resolution on or before the allocation deadline determined under subsection (i) in accordance with the procedures required for its original adoption. A declaratory resolution or amendment that establishes an allocation provision must include a specific finding of fact, supported by evidence, that the adoption of the allocation provision will result in new property taxes in the area that

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1 would not have been generated but for the adoption of the allocation  
 2 provision. For an allocation area established before July 1, 1995, the  
 3 expiration date of any allocation provisions for the allocation area is  
 4 June 30, 2025, or the last date of any obligations that are outstanding  
 5 on July 1, 2015, whichever is later. However, for an allocation area  
 6 identified as the Consolidated Allocation Area in the report submitted  
 7 in 2013 to the fiscal body under section 36.3 of this chapter, the  
 8 expiration date of any allocation provisions for the allocation area is  
 9 January 1, 2051. A declaratory resolution or an amendment that  
 10 establishes an allocation provision after June 30, 1995, must specify an  
 11 expiration date for the allocation provision. For an allocation area  
 12 established before July 1, 2008, the expiration date may not be more  
 13 than thirty (30) years after the date on which the allocation provision  
 14 is established. For an allocation area established after June 30, 2008,  
 15 the expiration date may not be more than twenty-five (25) years after  
 16 the date on which the first obligation was incurred to pay principal and  
 17 interest on bonds or lease rentals on leases payable from tax increment  
 18 revenues. However, with respect to bonds or other obligations that were  
 19 issued before July 1, 2008, if any of the bonds or other obligations that  
 20 were scheduled when issued to mature before the specified expiration  
 21 date and that are payable only from allocated tax proceeds with respect  
 22 to the allocation area remain outstanding as of the expiration date, the  
 23 allocation provision does not expire until all of the bonds or other  
 24 obligations are no longer outstanding. The allocation provision may  
 25 apply to all or part of the redevelopment project area. The allocation  
 26 provision must require that any property taxes subsequently levied by  
 27 or for the benefit of any public body entitled to a distribution of  
 28 property taxes on taxable property in the allocation area be allocated  
 29 and distributed as follows:

30 (1) Except as otherwise provided in this section, the proceeds of  
 31 the taxes attributable to the lesser of:  
 32 (A) the assessed value of the property for the assessment date  
 33 with respect to which the allocation and distribution is made;  
 34 or  
 35 (B) the base assessed value;  
 36 shall be allocated to and, when collected, paid into the funds of  
 37 the respective taxing units.  
 38 (2) The excess of the proceeds of the property taxes imposed for  
 39 the assessment date with respect to which the allocation and  
 40 distribution is made that are attributable to taxes imposed after  
 41 being approved by the voters in a referendum or local public



1 question conducted after April 30, 2010, not otherwise included  
2 in subdivision (1) shall be allocated to and, when collected, paid  
3 into the funds of the taxing unit for which the referendum or local  
4 public question was conducted.

5 (3) Except as otherwise provided in this section, property tax  
6 proceeds in excess of those described in subdivisions (1) and (2)  
7 shall be allocated to the redevelopment district and, when  
8 collected, paid into a special fund for that allocation area that may  
9 be used by the redevelopment district only to do one (1) or more  
10 of the following:

11 (A) Pay the principal of and interest on any obligations  
12 payable solely from allocated tax proceeds that are incurred by  
13 the redevelopment district for the purpose of financing or  
14 refinancing the redevelopment of that allocation area.

15 (B) Establish, augment, or restore the debt service reserve for  
16 bonds payable solely or in part from allocated tax proceeds in  
17 that allocation area.

18 (C) Pay the principal of and interest on bonds payable from  
19 allocated tax proceeds in that allocation area and from the  
20 special tax levied under section 19 of this chapter.

21 (D) Pay the principal of and interest on bonds issued by the  
22 consolidated city to pay for local public improvements that are  
23 physically located in or physically connected to that allocation  
24 area.

25 (E) Pay premiums on the redemption before maturity of bonds  
26 payable solely or in part from allocated tax proceeds in that  
27 allocation area.

28 (F) Make payments on leases payable from allocated tax  
29 proceeds in that allocation area under section 17.1 of this  
30 chapter.

31 (G) Reimburse the consolidated city for expenditures for local  
32 public improvements (which include buildings, parking  
33 facilities, and other items set forth in section 17 of this  
34 chapter) that are physically located in or physically connected  
35 to that allocation area.

36 (H) Reimburse the unit for rentals paid by it for a building or  
37 parking facility that is physically located in or physically  
38 connected to that allocation area under any lease entered into  
39 under IC 36-1-10.

40 (I) Reimburse public and private entities for expenses incurred  
41 in training employees of industrial facilities that are located:



- (i) in the allocation area; and
- (ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made.

(J) Pay the costs of carrying out an eligible efficiency project (as defined in IC 36-9-41-1.5) within the unit that established the redevelopment commission. However, property tax proceeds may be used under this clause to pay the costs of carrying out an eligible efficiency project only if those property tax proceeds exceed the amount necessary to do the following:

(i) Make, when due, any payments required under clauses (A) through (I), including any payments of principal and interest on bonds and other obligations payable under this subdivision, any payments of premiums under this subdivision on the redemption before maturity of bonds, and any payments on leases payable under this subdivision.

(ii) Make any reimbursements required under this subdivision.

(iii) Pay any expenses required under this subdivision.

(iv) Establish, augment, or restore any debt service reserve under this subdivision.

(K) Expend money and provide financial assistance as authorized in section 7(a)(21) of this chapter.

(L) Expend money or provide financial assistance (including grants and loans) to entities for the purpose of encouraging or incentivizing the construction, expansion, or ongoing operation of child care facilities that are in the allocation area or serving the allocation area.

The special fund may not be used for operating expenses of the commission.

(4) Before June 15 of each year, the commission shall do the following:

(A) Determine the amount, if any, by which the assessed value of the taxable property in the allocation area for the most



1 recent assessment date minus the base assessed value, when  
 2 multiplied by the estimated tax rate of the allocation area will  
 3 exceed the amount of assessed value needed to provide the  
 4 property taxes necessary to make, when due, principal and  
 5 interest payments on bonds described in subdivision (3) plus  
 6 the amount necessary for other purposes described in  
 7 subdivision (3) and subsection (g).

8 (B) Provide a written notice to the county auditor, the  
 9 legislative body of the consolidated city, the officers who are  
 10 authorized to fix budgets, tax rates, and tax levies under  
 11 IC 6-1.1-17-5 for each of the other taxing units that is wholly  
 12 or partly located within the allocation area, and (in an  
 13 electronic format) the department of local government finance.  
 14 The notice must:

15 (i) state the amount, if any, of excess assessed value that the  
 16 commission has determined may be allocated to the  
 17 respective taxing units in the manner prescribed in  
 18 subdivision (1); or

19 (ii) state that the commission has determined that there is no  
 20 excess assessed value that may be allocated to the respective  
 21 taxing units in the manner prescribed in subdivision (1).

22 The county auditor shall allocate to the respective taxing units  
 23 the amount, if any, of excess assessed value determined by the  
 24 commission. The commission may not authorize an allocation  
 25 to the respective taxing units under this subdivision if to do so  
 26 would endanger the interests of the holders of bonds described  
 27 in subdivision (3).

28 (C) If:

29 (i) the amount of excess assessed value determined by the  
 30 commission is expected to generate more than two hundred  
 31 percent (200%) of the amount of allocated tax proceeds  
 32 necessary to make, when due, principal and interest  
 33 payments on bonds described in subdivision (3); plus  
 34 (ii) the amount necessary for other purposes described in  
 35 subdivision (3) and subsection (g);

36 the commission shall submit to the legislative body of the unit  
 37 the commission's determination of the excess assessed value  
 38 that the commission proposes to allocate to the respective  
 39 taxing units in the manner prescribed in subdivision (1). The  
 40 legislative body of the unit may approve the commission's  
 41 determination or modify the amount of the excess assessed

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3 (c) For the purpose of allocating taxes levied by or for any taxing  
4 unit or units, the assessed value of taxable property in a territory in the  
5 allocation area that is annexed by any taxing unit after the effective  
6 date of the allocation provision of the resolution is the lesser of:

7 (1) the assessed value of the property for the assessment date with  
8 respect to which the allocation and distribution is made; or  
9 (2) the base assessed value.

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(3) may, subject to subsection (b)(4), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(3).

18 (f) Notwithstanding any other law, the assessed value of all taxable  
19 property in the allocation area, for purposes of tax limitation, property  
20 tax replacement, and formulation of the budget, tax rate, and tax levy  
21 for each political subdivision in which the property is located is the  
22 lesser of:

23 (1) the assessed value of the property as valued without regard to  
24 this section; or

(2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under IC 5-28-15, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(3) shall establish an allocation fund for the purposes specified in subsection (b)(3) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund the amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) and (b)(2) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(3) for the year. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(3) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) and (b)(2) in the fund derived from property tax proceeds in excess of those described in

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1 subsection (b)(1) and (b)(2) from property located in the enterprise  
2 zone. The unit that creates the special zone fund shall use the fund,  
3 based on the recommendations of the urban enterprise association, for  
4 one (1) or more of the following purposes:

5 (1) To pay for programs in job training, job enrichment, and basic  
6 skill development designed to benefit residents and employers in  
7 the enterprise zone. The programs must reserve at least one-half  
8 (1/2) of the enrollment in any session for residents of the  
9 enterprise zone.

10 (2) To make loans and grants for the purpose of stimulating  
11 business activity in the enterprise zone or providing employment  
12 for enterprise zone residents in the enterprise zone. These loans  
13 and grants may be made to the following:

14 (A) Businesses operating in the enterprise zone.

15 (B) Businesses that will move their operations to the enterprise  
16 zone if such a loan or grant is made.

17 (3) To provide funds to carry out other purposes specified in  
18 subsection (b)(3). However, where reference is made in  
19 subsection (b)(3) to the allocation area, the reference refers for  
20 purposes of payments from the special zone fund only to that part  
21 of the allocation area that is also located in the enterprise zone.

22 (h) The state board of accounts and department of local government  
23 finance shall make the rules and prescribe the forms and procedures  
24 that they consider expedient for the implementation of this chapter.  
25 After each reassessment under a reassessment plan prepared under  
26 IC 6-1.1-4-4.2, the department of local government finance shall adjust  
27 the base assessed value one (1) time to neutralize any effect of the  
28 reassessment of the real property in the area on the property tax  
29 proceeds allocated to the redevelopment district under this section.  
30 After each annual adjustment under IC 6-1.1-4-4.5, the department of  
31 local government finance shall adjust the base assessed value to  
32 neutralize any effect of the annual adjustment on the property tax  
33 proceeds allocated to the redevelopment district under this section.  
34 However, the adjustments under this subsection may not include the  
35 effect of property tax abatements under IC 6-1.1-12.1, and these  
36 adjustments may not produce less property tax proceeds allocable to  
37 the redevelopment district under subsection (b)(3) than would  
38 otherwise have been received if the reassessment under the  
39 reassessment plan or annual adjustment had not occurred. The  
40 department of local government finance may prescribe procedures for  
41 county and township officials to follow to assist the department in



1 making the adjustments.

2 (i) The allocation deadline referred to in subsection (b) is  
3 determined in the following manner:

4 (1) The initial allocation deadline is December 31, 2011.

5 (2) Subject to subdivision (3), the initial allocation deadline and  
6 subsequent allocation deadlines are automatically extended in  
7 increments of five (5) years, so that allocation deadlines  
8 subsequent to the initial allocation deadline fall on December 31,  
9 2016, and December 31 of each fifth year thereafter.

10 (3) At least one (1) year before the date of an allocation deadline  
11 determined under subdivision (2), the general assembly may enact  
12 a law that:

13 (A) terminates the automatic extension of allocation deadlines  
14 under subdivision (2); and

15 (B) specifically designates a particular date as the final  
16 allocation deadline.

17 (j) If the commission adopts a declaratory resolution or an  
18 amendment to a declaratory resolution that contains an allocation  
19 provision and the commission makes either of the filings required  
20 under section 10(e) of this chapter after the first anniversary of the  
21 effective date of the allocation provision, the auditor of the county in  
22 which the unit is located shall compute the base assessed value for the  
23 allocation area using the assessment date immediately preceding the  
24 later of:

25 (1) the date on which the documents are filed with the county  
26 auditor; or

27 (2) the date on which the documents are filed with the department  
28 of local government finance.

29 (k) For an allocation area established after June 30, 2024,  
30 "residential property" refers to the assessed value of property that is  
31 allocated to the one percent (1%) homestead land and improvement  
32 categories in the county tax and billing software system, along with the  
33 residential assessed value as defined for purposes of calculating the  
34 rate for the local income tax property tax relief credit designated for  
35 residential property under IC 6-3.6-5-6(d)(3) (before its expiration).

36 SECTION 27. [EFFECTIVE JANUARY 1, 2026  
37 (RETROACTIVE)] (a) IC 6-3.1-39.5-1, IC 6-3.1-39.5-3, and  
38 IC 6-3.1-39.5-7, all as amended by this act, apply to taxable years  
39 beginning after December 31, 2025.

40 (b) This SECTION expires June 30, 2028.

41 SECTION 28. [EFFECTIVE JANUARY 1, 2026

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1        (RETROACTIVE)] (a) IC 6-1.1-51.3-5 and IC 6-1.1-51.3-6, both as  
2        added by this act, apply to property taxes imposed for assessment  
3        dates after December 31, 2025.

4        (b) This SECTION expires January 1, 2028.

5        "SECTION 29. [EFFECTIVE JANUARY 1, 2026  
6        (RETROACTIVE)] (a) IC 6-1.1-12-14 and IC 6-3-2-6, both as  
7        amended by this act, applies to property taxes for assessment dates  
8        after December 31, 2025.

9        (b) This SECTION expires January 1, 2028.

10      SECTION 29. An emergency is declared for this act.

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